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NOTE

The term 'Britain' is used informally in the *Survey of Current Affairs* to mean the United Kingdom of Great Britain and Northern Ireland. 'Great Britain' comprises England, Wales and Scotland.

By-election and State of the Parties

Details of the result of a recent parliamentary by-election and the present state of the parties in the House of Commons are given below.

The Labour Party gained the seat in the Vale of Glamorgan in a parliamentary by-election on 4 May. The seat became vacant following the death in February of the Conservative MP, Sir Raymond Gower. The Labour candidate, Mr John Smith, won by a majority of 6,028 votes. The result was as follows:

J. Smith (Labour)	23,342
R. Richards (Conservative)	17,314
F. Leavers (Social and Liberal Democrats)	2,017
J. Dixon (Plaid Cymru)	1,672
K. Davies (Social Democratic)	1,098

Six other candidates between them received a total of 2,303 votes; all lost their deposits, as did the Social and Liberal Democrats, the Plaid Cymru and the Social Democratic candidates. Votes were cast by 71·1 per cent of the electorate.

At the general election in June 1987, when 79·3 per cent of the electorate voted, the seat was held by the Conservative Party with Sir Raymond Gower polling 24,229 votes, followed by the Labour candidate with 17,978 votes, and the Alliance (see footnote to p 87) candidate with 8,633 votes.

State of the Parties

Following the by-election, the state of the parties in the House of Commons is now as follows:

Conservative	373
Labour	226
Social and Liberal Democrats	19
Social Democratic	3
Scottish National	4
Plaid Cymru (Welsh Nationalist)	3
Ulster Unionist (Northern Ireland)	9
Democratic Unionist (Northern Ireland)	3
Social Democratic and Labour (Northern Ireland)	3
Ulster Popular Unionist (Northern Ireland)	1
Sinn Fein (Northern Ireland)	1
[Vacant seat (Glasgow, Central)	1]
TOTAL	646

The four remaining seats are held by the Speaker of the House of Commons and his three deputies (the Chairman of Ways and Means and the first and second Deputy Chairmen of Ways and Means) who do not vote except in their official capacity in the event of a tie. The government majority over all the other parties is 101 although the Sinn Fein MP has not taken his seat.

Britain's Defence Policy

The need for the North Atlantic Treaty Organisation to maintain firm defences while also making the most of the opportunities created by the improved East-West atmosphere is one of the main points in the 1989 defence White Paper, published in May. The defence budget for 1989-90 is £20,143 million, which, as a percentage of gross domestic product (4·3 per cent), is the highest in the Alliance after the United States and Greece.

Defence Secretary's Statement

Introducing the White paper[1] at a press conference in London on 2 May, the Secretary of State for Defence, Mr George Younger, pointed out that the dual approach of the North Atlantic Treaty Organisation (NATO) – seeking dialogue with the Warsaw Pact while maintaining strength in defence – had been a fundamental cause of the current improvement in the international climate. That approach had to be continued as 'the best way to grasp the opportunity that improved East-West relations may offer'. In addition, he said, 'the cohesion of the Alliance is essential to its strength and must be maintained. Allies must look hard at their military contributions and at their political commitment so that risks and responsibilities are equitably shared.'

The Intermediate Nuclear Forces (INF) Treaty was a major achievement for the unity of NATO (see pp 191-3, 1988), but Mr Younger said that neither the treaty nor the new approach of the Soviet leader, Mr Mikhail Gorbachev, diluted 'by one drop' the need for nuclear deterrence. Nuclear weapons had made possible the realisation of the aim permanently to prevent war. Mr Gorbachev's aim to denuclearise Europe, however, would not, in present circumstances, lead to a more secure Europe. A defensive Alliance, the Defence Secretary said, had to have a wide range of options with which to react to any military situation so that it could persuade a potential aggressor that the risks of an attack could outweigh any gains. This meant having strategic and sub-strategic nuclear weapons, and although it may not be necessary always to have as large a nuclear armoury as existed at present, those that remained had to be kept up-to-date.

In conclusion, Mr Younger said that NATO's policies had helped to encourage the Soviet Union 'to abandon the old, failed policies of confrontation. The challenge now is to build on that success . . . this Government is determined that Britain will continue to play a leading role in that process.'

THE WHITE PAPER

Britain and NATO

NATO has been more than successful in keeping the peace in Europe at a time of instability and rapid change in many parts of the world, the White Paper says. Although the Soviet Union is now recognising that its past actions created insecurity, and is beginning to change its internal and external policies, the need to maintain a strong and cohesive Alliance is undiminished.

The pace of progress (or lack of it) in East-West relations has been governed by the willingness (or otherwise) of the Soviet Union to join the West in peaceful co-operation. NATO has consistently set the agenda for constructive measures to improve East-West relations, by pressing for agreements to cut both nuclear and conventional forces in Europe. NATO has advocated a global ban on chemical weapons, has cut unilaterally its nuclear warheads by 35 per cent since 1979 (see pp 205-6, 1984), and has, through its steadfastness and unity, brought success to the INF talks.[1]

The Soviet Challenge

Soviet foreign policy, the White Paper continues, is now acquiring new flexibility, pragmatism and sensitivity to the security of other countries, as shown by the Soviet troop withdrawal from Afghanistan and Mr Gorbachev's intention (as announced at the United Nations in December 1988, see p 415, 1988) to cut the number of Soviet conventional forces in the Soviet Union and Eastern Europe.

While welcoming the shift in attitudes that these developments reflect (see pp 364-7, 1988), the White Paper says that the West should be 'under no illusion about this new sense of realism; it is designed to serve Soviet interests, not those of the West'. Even after the cuts, major imbalances between the forces of East and West will remain in the European area (see p 174), and, while such imbalances persist, the Warsaw Pact will, 'whatever its stated intentions, retain its capability for aggression'. The Soviet Union is continuing to modernise its forces: new nuclear missiles (including short-range systems)

[1] *Statement on the Defence Estimates 1989.* Vol 1. Cm 675-I. HMSO, £6. ISBN 0 10 106752 6. Vol 2 (Defence Statistics). Cm 675-II. HMSO, £6. ISBN 0 10 106753 4.

[1] For further information see COI reference paper *Britain and Nato*, No 58/89.

and strategic bombers are being deployed and the production of conventional weapons, including the most modern tanks and aircraft, is at a high level.

The White Paper stresses that the promised cuts will not diminish the Warsaw Pact's security. The West's forces, by contrast, are kept at the lowest level needed for its defence, and their reduction in response to the other side's cuts will 'merely lead to a continuing imbalance at a lower level'. The West's aim is to remove the imbalance by negotiated cuts and thereby genuinely to enhance the security of Europe as a whole at a lower level of conventional forces. While the Soviet Union appears to have accepted this principle, the West cannot rely for its security on the public pronouncements of the current Soviet leadership, until it can be sure the changes in the Soviet Union are fundamental and irreversible. 'For as long as an objective military threat remains,' the White Paper says, 'we must . . . maintain the forces necessary for deterrence.'

Maintaining Deterrence

NATO can only maintain peace and security through deterrence resting on each member's collective commitment to resist aggression, the White Paper continues (see also pp 415-19, 1988). This needs a full range of military options, including nuclear weapons, since strong conventional forces alone cannot prevent war. NATO's strategy of flexible response requires nuclear weapons at the strategic and non-strategic levels. 'For the foreseeable future there will still need to be nuclear systems based on land in Europe. And all nuclear weapons must be kept up-to-date if they are to provide effective deterrence.'

NATO's commitment to resist aggression through common defence is provided, firstly, through NATO members' firm commitment of their forces to the Alliance. Although the United States provides the largest contribution, the continuing strength and cohesion of the Alliance also require major contributions from the European allies, as neither the United States and Canada nor Europe alone can maintain the credibility of NATO's defence posture.

An important contribution to collective defence, the White Paper says, is provided by a number of European organisations concerned with security co-operation. One is the Western European Union (WEU), strengthened in 1988 by the accession of Spain and Portugal (see pp 423, 1988).[1] During its presidency of the WEU[2] Britain is seeking to build on the organisation's 1987 statement, *Platform on European Security Interests* (see pp 355-6, 1987): to encourage the WEU's role in forging a more coherent European view on security and arms control issues in support of the Alliance; to promote practical contributions to common defence; and to develop the WEU's part in co-ordinating matters affecting common security outside the NATO area, as in the Gulf.

British Defence Policy

Britain is committed to NATO's strategy of deterrence, based on a mix of nuclear and conventional forces, and is the only European nation to contribute to all three legs of the NATO triad of forces – strategic nuclear, theatre nuclear, and conventional – that underpin flexible response.[1]

The air, sea and land defence of Britain is critically important to NATO as a whole. In war Britain would be a forward base for the Atlantic Command, a rear base for Europe and a main operating base for the Channel, as well as being a major base for US reinforcements to the European theatre. The British commitment to NATO's strategy of forward defence is no less important, demonstrated by its ground and air forces based in the Central Region of Europe, by its naval and air forces committed to the forward defence of the seas northwards of Britain, and by its specialist reinforcement forces (see p 177).

Britain's concern for preserving peace and stability is not confined to Europe, the White Paper points out, since it has important defence commitments outside the NATO area, including direct responsibility for defending British dependent territories. Crises and conflicts elsewhere could impair the Alliance's security either directly or by affecting the global balance. British defence activities contributed to the Government's aim of promoting stability in areas important to its interests and to the wider interests of the West as a whole at relatively little cost.

Sharing the Burden in NATO

The foundation of NATO's strength, a separate essay states, is the North American commitment to defend Europe: the United States' nuclear contribution, its ground forces in the Federal Republic of Germany, its naval forces in the Eastern Atlantic and Mediterranean, and its reinforcements plans in an emergency. However, the health of the Alliance depends on the contribution made by all of its members. Concern in the United States about the size of its own burden led to NATO publishing in December a report, *Enhancing Alliance Collective Security* (see p 415 fn, 1988), which recognised the invaluable contribution made by European members of the Alliance. These members collectively provide most of NATO's ready forces in Europe and the Atlantic, including 90 per cent of the personnel, 80 per cent of the artillery and aircraft, 70 per cent of the tanks, and 65 per cent of the major warships.

In addition, many of these countries bear the social and economic cost of maintaining conscript forces, which would enable them to mobilise large numbers of reserves in the event of conflict, and all of them support the nuclear element in the strategy of deterrence. Britain and France have independent nuclear strategic and theatre nuclear forces, and Britain and other countries provide facilities for US nuclear and conventional forces, such as 900 bases and other installations.

European countries also help to protect Western interests outside the NATO area, such as during the Gulf war (see p 178), and Britain, France, the Netherlands and Spain have military presences outside the NATO area. Britain and France maintain large programmes of military assistance around the world.

However, the NATO report also identified areas

[1]The nine members of the WEU are Belgium, Britain, the Federal Republic of Germany, France, Italy, Luxembourg, the Netherlands, Portugal and Spain.

[2]Britain became President of the WEU in June 1988 for a year.

[1]France, which has nuclear forces, does not participate in NATO's military structure.

where a number of allies needed to make improvements, such as the level of resources committed to defence, better response to Alliance force goals, and more modern and sustainable forces. Burdensharing, the essay says, is not primarily a transatlantic issue, but for all NATO countries 'to ensure that the benefits, responsibilities and risks of alliance membership are shared fairly among them'.

The Soviet View of Arms Control and War

Another essay says that while the Soviet Union has always claimed that its military doctrine is defensive, a basic tenet of its traditional doctrine is that attack is the best form of defence. Since the second world war, the Soviet Union has organised and equipped its forces for surprise, and swift and aggressive warfare, and has also built up massive forces that are larger than is reasonably needed for genuinely defensive purposes. Its willingness to use them, for example, in Eastern Europe and Afghanistan has been a fundamental source of instability.

The essay also points out that NATO, in contrast, has consistently sought to lower the level of armaments through arms control. NATO's prime aim in arms control is to maintain the security of its members and, if possible, enhance it. The Soviet Union has similar aims and its proposals for arms cuts are designed to improve its security. However, it is necessary for NATO to ensure that the Soviet Union does not improve its security at the expense of NATO.

Discussing negotiating goals now being pursued by the Soviet Union, the essay says that it would be in the Soviet interest to have all theatre nuclear weapons removed from Europe (especially those able to strike Soviet territory) since this would lower the risk of escalation to a strategic nuclear exchange. However, this would leave Europe vulnerable to Soviet strategic forces which could be used at less than their maximum ranges. Moreover, if large cuts in NATO forces could be secured, even at the cost of larger cuts in Warsaw Pact forces, NATO's defensive force density might be much lower. This would allow the Warsaw Pact, with the benefit of surprise, to concentrate powerful forces to break through Western defences.

These considerations, the essay concludes, do not mean that the West should not seek arms control accords or that it cannot reach agreements that would make both sides more secure. However, objective military strength has to be the yardstick for talks. 'And the chances of securing such agreements are better', it stresses, 'if Western public opinion (which has so often been the real target of superficially attractive Soviet proposals) and those involved in the arms control process fully appreciate the military rationale that underlies Soviet arms control strategy.'

NATO/Warsaw Pact Balance

Numerical Balance

In the current balance of forces in the Atlantic to the Urals, the White Paper shows that the Warsaw Pact has at least three times as many tanks (51,500 to 16,424) and artillery (43,400 to 14,438) and nearly a fivefold advantage in armoured infantry fighting vehicles (22,400 to 4,153) as NATO. The Warsaw Pact also has more personnel (4.1 million to NATO's 3.1 million, anti-tank weapons (19,700 to NATO's 16,800), attack and assault/transport helicopters (3,700 to NATO's 2,400), and combat aircraft (8,250 to NATO's 3,977).

In the Central Region of Europe, where the risk of surprise attack and large scale offensive action is the greatest, the Warsaw Pact has more tanks (18,300 to 8,300), artillery (12,000 to 5,500), and combat aircraft (2,500 to 1,250) than NATO. It also has more soldiers in fighting units (738,000 to 580,000), more armoured infantry fighting vehicles (9,100 to 3,500) and more attack helicopters (800 to 600). NATO, however, has more anti-tank weapons (7,200 to 3,800) and assault/transport helicopters (1,300 to 900).

The announcements by the Soviet Union and other Warsaw Pact countries of unilateral cuts in forces, withdrawals and disbandment of some armoured and other offensively oriented units in Eastern Europe over the next two years are a welcome recognition of the substantial conventional imbalance in Europe, the White Paper says. (Soviet cuts include a reduction of 10,000 tanks, 8,500 artillery and 800 combat aircraft in the area between the Atlantic and the Ural Mountains, as well as a reduction of 500,000 troops in the total strength of the Soviet forces. The cuts announced by the other Warsaw Pact countries complement the Soviet cuts but on a far smaller scale.) Britain has also welcomed Mr Gorbachev's acknowledgement of the fact that Warsaw Pact forces (unlike NATO) are not currently defensively orientated. Whether the measures taken would bring about the genuinely defensive force structure based on "reasonable sufficiency" promised by the Soviet leader, however, remains to be seen. In any case, the White Paper points out, the proposed cuts if implemented will still leave a large Warsaw Pact conventional superiority in Europe, with, for example, a 2·4 to 1 superiority in tanks and artillery and a 1·8 to 1 superiority in combat aircraft; there has also been no slowing down of the rate of procurement and modernisation of Warsaw Pact equipment (3,000 of the latest Soviet tanks entered service in 1988, for instance).

Discussing the balance of naval forces in the North Atlantic and seas bordering Europe, the White Paper says that NATO has never hidden its need for more major surface ships than the Warsaw Pact (385 to 220) to protect sea-borne reinforcements in the Atlantic and other seas from the real threat of the Warsaw Pact's superiority in nuclear-powered attack submarines (90 to NATO's 75). NATO also has more conventional submarines than the Warsaw Pact (120 to 110), and more naval aircraft and helicopters (1,860 to 965).

Qualitative Balance

It has been argued that the Warsaw Pact's massive numerical superiority in military equipment is offset by NATO's qualitative lead. However, the White Paper points out that in several areas the quality of modern Warsaw Pact equipment is comparable or even superior to the corresponding NATO systems. Overall, modern Warsaw Pact tanks are as good as NATO ones, many of them have better armour against anti-tank weapons and some can deliver

anti-tank guided missiles through their guns, unlike any NATO model. The Warsaw Pact tanks' firepower is also being improved to match Western standards, and it has more modern tanks than NATO's entire tank fleet. The quality of the two sides' armoured infantry fighting vehicles are similar, while the Warsaw Pact's artillery generally outranges its NATO counterparts.

NATO retains a qualitative advantage in airpower, the White Paper says. Although the latest Soviet fighter aircraft are almost as manoeuvrable as similar US aircraft and have look-down/shoot-down radar and improved missiles, they have less advanced avionics and are not as capable of multi-role operations. Soviet advances in ships, quieter submarines, and naval reconnaissance and strike aircraft are eroding NATO's technological lead in many areas of naval warfare.

Nuclear Balance

The United States and the Soviet Union have roughly the same number of delivery vehicles in their strategic forces, but no sure estimates of how many warheads each delivery vehicle actually carries can be made. About 150 mobile, land-based Soviet SS25s were deployed by the end of 1988, and a further 200 are expected to be operational within two or three years. A modified version of the SS18 heavy intercontinental ballistic missile (ICBM) is entering service. The mobile ten-warhead SS24 has also been deployed. More nuclear-powered ballistic missile submarines, carrying the multiple-warhead SSN20 and SSN23 submarine-launched ballistic missiles (SLBM) are operational; new sea-launched cruise missiles (SLCM), including the supersonic SSNX24, are being deployed or developed. In the air, the strategic bomber, the Blackjack, which could carry the new AS15 air-launched cruise missile (ALCM) as well as bombs and air-to-surface missiles, has entered service, as have 70 Bear H bombers carrying the AS15 cruise missile.

The United States is continuing the modernisation of its strategic forces: 50 out of a planned total of 100 Peacekeeper (MX) ICBMs, each with 8 warheads, have been deployed on land while, at sea, eight of the Trident C4 submarines (which are able to carry 24 SLBMs) – to be joined by the D5 system – are operational. SLCMs are being deployed on a variety of platforms. In the air, the new B-1B bomber is in service and the B-2, using low-observable (or 'stealth') technology, is to be deployed in the early 1990s.

In Europe at the end of 1988, there were 741 Soviet warheads on 267 ground-launched intermediate range missiles (those with ranges of between 500 km to 5,500 km); NATO deployed 458 warheads on single-warhead nuclear launchers. When the INF Treaty is implemented by 1991, the only remaining US and Soviet INF systems in Europe will be air-launched. The Warsaw Pact has 3,750 aircraft known to be capable of delivering both long and shorter range missiles; NATO has 1,640 long- and shorter range dual-capable INF aircraft, of which 650 are assigned to nuclear operations.

The Warsaw Pact, the White Paper notes, has a large advantage over NATO in short-range nuclear forces (with ranges of less than 500 km), with 7,000 artillery dual-capable systems and 1,450 missile launchers, including the very accurate SS21. NATO has 2,500 nuclear-capable artillery systems and 88 Lance missile launchers.

Arms Control

Significant progress has been made with the West's arms control agenda, the White Paper continues. The major achievements – the 1986 Stockholm Document and the 1987 INF Treaty – are being successfully implemented.

Conventional Arms Control

The Mutual Balanced Force Reductions (MBFR) negotiations, which started in 1973, ended in February 1989 with no agreement being reached because of the Warsaw Pact's unwillingness to provide enough data on force levels or to accept stringent Western proposals on verification. Two new negotiations on conventional arms control, based on a NATO initiative, began in Vienna in March (see pp 90-2).

Conventional Armed Forces in Europe Talks

The agreed objectives of these negotiations, which cover the whole of Europe from the Atlantic to the Urals, are to achieve a stable and secure balance at lower levels of NATO and Warsaw Pact forces, as well as the elimination of disparities and the capacity for launching surprise attack and large-scale offensive action. To achieve agreement, the White Paper explains, requires not only numerical equality but changes in deployment patterns and force structures, and this will inevitably mean the Warsaw Pact cutting much more than NATO. A stringent and thorough verification regime, including on-site challenge inspections, will also be needed.

NATO proposals tabled at the Vienna negotiations include a combined ceiling of 40,000 tanks, 33,000 artillery and 56,000 armoured troop carriers, split equally between the two sides. No one country would possess more than 30 per cent of any of these offensive weapon categories, or station in another country more than 3,200 tanks, 1,700 artillery and 6,000 armoured troop carriers. In addition, a series of geographical sub-limits designed to achieve equal security for all in the European area and the annual exchange of information on force structures down to the battalion level have been proposed by NATO.

Welcoming announcements by Mr Gorbachev and other Warsaw Pact leaders during 1988 that there would be unilateral cuts in their military spending and in their forces, the White Paper points out that, although these cuts would lessen the conventional imbalances, the Warsaw Pact forces would still have a massive superiority (see p 174). While the West welcomes the Warsaw Pact's recognition of the substantial existing disparities and its readiness to see them removed, Eastern proposals presented at the Vienna negotiations would need to be examined carefully; several ideas, such as those for zones of different levels of security, are not acceptable to NATO.

Confidence- and Security-Building Measures

The other negotiations on confidence- and security-building measures, the White Paper continues, con-

cern the 35 nations of the Conference on Security and Co-operation in Europe which signed the Stockholm Document in 1986 (see pp 317-19, 1986). Their aim is to build on the measures agreed at Stockholm which include provisions designed to reduce – through greater openness about military activity on both sides – the likelihood of an outbreak of hostilities in Europe. Since the Stockholm agreement came into force in January 1987, a total of 17 NATO and 15 Warsaw Pact exercises have been observed. A further 18 on-site inspections have taken place, including four in the Soviet Union and one in Britain. The establishment of regular and uncontroversial inspections, the White Paper says, has contributed significantly to confidence and stability in Europe, and is an encouraging basis for the new talks on further measures.

NATO's proposals for these negotiations cover a comprehensive exchange of data on conventional forces, including their structure, equipment, manpower strength and location, and the enhancement of arrangements in the Stockholm Document as well as measures aimed at making military activities more open and predictable. Warsaw Pact proposals also include a strengthening of the Stockholm provisions and a welcome recognition of the importance of exchanging military information and the need to improve arrangements for notifying and observing military activities.

Nuclear Arms Control

Reviewing developments in nuclear arms negotiations, the White Paper says that, under the INF Treaty, all US and Soviet intermediate-range ground-launched nuclear missiles will be eliminated by June 1991: systems capable of carrying 1,700 Soviet and 400 US nuclear weapons will be destroyed. In Britain one forward operating base for cruise missiles (RAF Molesworth) has been closed while half of the cruise missiles deployed in the other base (RAF Greenham Common) will be withdrawn by the end of 1989 and the rest in the first half of 1991.

Following progress in the Strategic Arms Reduction Talks (START) at Geneva in 1987 based on US proposals to cut US and Soviet strategic nuclear missiles by 50 per cent (see pp 9-11, 1988), further provisional agreement has been reached with the Soviet Union on:

1 an overall ceiling on the forces of each side of 6,000 warheads and 1,600 delivery vehicles, and

2 a limitation within that ceiling of 4,900 warheads on ballistic missiles, including no more than 1,540 warheads on heavy missiles.

Agreement has also been reached between the United States and the Soviet Union on definitions of systems and verification rules regarding ballistic missiles, bombers carrying free-fall bombs, and short-range attack missiles. However, other complex issues, including the questions of separate sublimits on land-based missiles, submarine-launched missiles and missiles carried by strategic bombers remained to be resolved. Other outstanding questions cover the treatment of land-based mobile missiles and sea-launched cruise missiles, the counting rules and range limitation for air-launched cruise missiles, and how verification would work.

Noting that the superpowers had agreed that strategic forces of third parties would not be included in the START negotiations, the White Paper reiterates that Britain's strategic force, even when updated by the acquisition of Trident, represents a minimum capability necessary to maintain effective deterrence. 'Even after a START treaty, with its proposed cuts of 50 per cent in the present arsenals of the superpowers, our Trident force would still represent a smaller proportion of Soviet strategic nuclear warheads than its predecessor Polaris did on its introduction two decades ago. If the Soviet and US strategic arsenals were to be very substantially reduced and if no significant changes had occurred in Soviet defensive capabilities, we would want to consider how best to contribute to arms control in the light of the reduced threat.' The White Paper points out, however, that US and Soviet reductions 'would have to go much further than 50 per cent before we could consider including the British deterrent in arms control negotiations'.

In their negotiations on nuclear testing, which opened in November 1987, the United States and the Soviet Union have agreed that their first aim is to ratify two treaties – the Threshold Test Ban Treaty of 1974 and the Peaceful Nuclear Explosions Treaty of 1976.[1] Progress has been made towards the completion of effective verification protocols for the two treaties, including a joint experiment held in the United States and the Soviet Union to demonstrate hydrodynamic verification methods. Regarding negotiations on a comprehensive test ban treaty, serious technical problems of verification (particularly at lower thresholds) remain to be resolved.[2]

Although a comprehensive test ban remains a long term British goal, the White Paper emphasises: 'For the forseeable future our security will depend on deterrence based on nuclear weapons. We must therefore continue to test our nuclear weapons to ensure that they remain effective and up-to-date.'

Chemical Weapons

The Soviet Union's chemical warfare (CW) capability, the world's largest and most sophisticated, poses a major threat to NATO, the White Paper says. Britain could not accept a number of the Soviet Union's claims about its chemical weapon resources – that it has stopped its production of CW agents and the testing of chemical weapons, for instance – and believes that the size of the Soviet stockpile is several times higher than the 50,000 tonnes claimed.

The White Paper also points out that there is a growing danger of a worldwide proliferation of chemical weapons, exemplified by their use in the Iran/Iraq war and clear evidence of Libya's efforts to manufacture such weapons. To help restrict proliferation, Britain and many other Western nations apply export controls on chemicals and equipment needed to make chemical weapon agents. However, the best solution is a comprehensive and verifiable

[1]The first treaty bans all underground nuclear tests above 150 kilotons; the second extends the 1974 thresholds to all individual nuclear test explosions and imposes a new threshold of 1,500 kilotons for all group explosions. Although neither has been ratified, both sides have agreed to abide by the constraints.

[2]Negotiations between Britain, the Soviet Union and the United States on a comprehensive test ban began in 1977 but were suspended in 1980, mainly because of differences over verification.

global ban on their production, possession and use (as called for at an international conference in Paris in January 1989, see pp 10-12).

Britain, therefore, attaches great importance to the negotiations at the Conference on Disarmament at Geneva, where the framework of a chemical weapons convention is now agreed in principle. This includes:

1 a declaration by all signatories of their current CW stockpiles and production facilities;

2 the verified destruction of all CW stocks and production facilities over a ten-year period;

3 verification of civil chemical industries to ensure that they are not used for clandestine CW production;

4 scope for signatories to operate one small production facility to make CW agents in order to research and develop protective measures; and

5 an international organisation to oversee implementation of the convention.

Much work remains to be done, the White Paper says, especially on verification, including the need for two levels of routine on-site and inspection on challenge verification and a regime that would allow the civil chemical industry to be monitored without disclosing commercial secrets to competitors. Successful negotiations for a convention would need a high degree of openness and mutual confidence. As an initiative in openness Britain tabled two papers in 1988 on Britain's past production of chemical weapons and their later destruction, and on current British commercial production of chemicals that might be used to make chemical warfare agents (see pp 297-9, 1988).

An opportunity to build mutual confidence, the White Paper notes, took place in an exchange of visits between Britain's Chemical Defence Establishment at Porton Down and the Soviet chemical weapons facility at Shikhany. However, during the British visit to Shikhany the Soviet Union failed to reciprocate Britain's openness at Porton Down when requests from the British delegation to see a part of the Soviet facility were rejected.

Future Arms Control Policy

NATO, the White Paper says, will continue to pursue arms control vigorously as part of its security policy, elements of which, while consistent with the Alliance's strategy of flexible response, include:

1 a 50 per cent reduction in the strategic offensive nuclear weapons of the United States and the Soviet Union, to be achieved during the present Geneva START negotiations;

2 the global elimination of chemical weapons;

3 the establishment of a stable and secure level of conventional forces, by the elimination of disparities, in the whole of Europe; and

4 in conjunction with points 2 and 3 above, tangible and verifiable reductions of US and Soviet short-range, land-based nuclear missiles, leading to equal ceilings.[1]

[1]On 11 May, President Gorbachev announced that the Soviet Union was to unilaterally withdraw 500 short range nuclear warheads from Warsaw Pact countries during 1989. He also offered to remove all Soviet nuclear ammunition from Eastern Europe by the end of 1991 if the United States did the same.

The clear signs of change in the internal and external policies of the Soviet Union, the White Paper says, suggest that new opportunities are opening up to build on the progress already achieved. NATO's arms control agenda 'provides a practical setting with which these opportunities can be sensibly and fully explored, and the hope held out of a major step forward in European and world security'.

Britain's Main Defence Roles

The vast majority of Britain's armed forces are committed to four main roles in NATO and make a significant contribution to the Alliance's strategies of flexible response and forward defence.

Nuclear Defence

Britain's independent nuclear deterrent, provided for the last 20 years by the Royal Navy's four Polaris submarines, will from the mid-1990s be replaced by four submarines carrying Trident D5 nuclear missiles.

Theatre nuclear defence is being provided by the RAF's Tornado GR1 and Buccaneer aircraft and the Royal Navy's Sea Harriers which can all deliver free-fall nuclear bombs, and the Royal Navy's anti-submarine helicopters and the RAF's Nimrod maritime patrol aircraft which can carry nuclear depth-bombs. The Army has surface-to-surface Lance missiles and four regiments of nuclear-capable artillery, both with US nuclear warheads.

Defence of Britain

The RAF, supported by the Royal Navy, is responsible for the air defence of Britain and its surrounding seas, and both services also help to protect the Atlantic supply routes. The Royal Navy's mine-countermeasure vessels combat the threat of mines to British ports and coastal waters. Over 100,000 regular and reserve elements from all three forces provide ground defence.

Defence of the European Mainland

Britain's largest contribution to the defence of Europe is the British Army of the Rhine (BAOR). Based in the Federal Republic of Germany, BAOR has a peace strength of 55,000, and a combat element of three armoured divisions. RAF Germany consists of 15 squadrons of aircraft, and contributes part of the Second Allied Tactical Air Force. There are other British forces ready for the rapid reinforcement of NATO's flanks supported as necessary by the RAF's transport force.

These reinforcement forces include a land element of 2,300 men equipped for arctic warfare, the United Kingdom and Netherlands amphibious force (a Commando brigade, amphibious ships and helicopters) for likely deployment in north Norway, and Harrier and Tornado aircraft (three squadrons) and Canberra aircraft for a British-US strategic air reserve for European operations. Britain also provides an infantry brigade (with supporting services) to reinforce the Baltic Approaches, and the equivalent of four squadrons of Jaguars (for support in northern Norway and Denmark) and Harriers (to reinforce Harrier squadrons in the Federal Republic).

Other forces in Gibraltar (most of which are planned to be withdrawn within the next three years) and Berlin are not assigned to NATO.

Maritime Defence

Maritime defence in the Eastern Atlantic and the Channel is being provided by the Royal Navy's ships, submarines and aircraft, while RAF aircraft contribute to forward defence through operations in the Atlantic and adjacent seas and to maritime operations in the shallow seas. The maritime forces also provide protection for the deployment of the strategic deterrent, to contain the Soviet Union's northern fleet, and to ensure the safe arrival of reinforcement and resupply shipping.

Out-of-Area Commitments

Britain has forces in the Falkland Islands, Hong Kong, Belize, Brunei and the Sovereign Base Areas of Cyprus. The level of forces in the Falkland Islands, although unchanged, are regularly reviewed, as is Britain's ability to reinforce the islands.

Britain is also responsible for the defence and security of Hong Kong until 1997 when its sovereignty reverts to the People's Republic of China (see pp 16-17, 1985). In the meantime, Britain will continue to consult the Hong Kong Government over all decisions on the phased withdrawal of the garrison.

Since 1980 when the Iran-Iraq war broke out, the Royal Navy has maintained the ARMILLA patrol of six frigates or destroyers in the Gulf and the Indian Ocean to provide reassurance and protection for British merchant shipping. Between 1987 and March 1989 four mine-countermeasures vessels joined the patrol to counter the threat from mines in the Gulf; with vessels from other European countries they successfully carried out mine-clearance operations co-ordinated under the auspices of the Western European Union and proved the ability and will of nations involved to maintain freedom of navigation in international waters. Following the ceasefire in 1988 between Iran and Iraq (see pp 267-7, 1988), the British mine-countermeasures ships returned to their NATO roles in European waters; the other British ships in the patrol, however, are to remain in the area as long as they are needed.

Britain has an extensive programme of military assistance overseas. In 1987-88 some 560 service personnel were on loan in 33 countries outside NATO, and over 3,000 students from such countries attended military training courses in Britain. Britain also provides contingents to the Multinational Force and Observers Group in Sinai and to the United Nations (UN) forces in Cyprus, as well as giving logistic support to UN forces in Cyprus, in Lebanon and on the Golan Heights. In Namibia, Britain is contributing a signal squadron to handle communications of the UN Transition Assistance Group which is monitoring the withdrawal of Cuban and South African troops and the elections leading to independence (see pp 95-6).

Northern Ireland

The British forces' biggest peacetime commitment is supporting the Royal Ulster Constabulary in fighting terrorism. The Army, which provides ten Regular battalions and nine Ulster Defence Regiment (UDR) battalions, and the Royal Navy, which carries out patrols against arms smuggling, are supported by the Royal Marines. Many air-support tasks are performed by the RAF.

Major steps have been taken to improve security, the White Paper says, in particular with regard to activities along the border with the Republic of Ireland. During 1988, 33 soldiers (mostly off-duty and unarmed), including 12 from the UDR, and one Royal Navy officer were murdered by terrorists, and 229 were injured. Four servicemen were also murdered by the Provisional IRA on the Continent and an explosion at a barracks in Mill Hill in London killed one soldier. In 1988 219 people were charged with serious offences, including 23 for murder and 46 for attempted murder; 127 were convicted of serious terrorist-related offences. Five identified terrorists were killed by the security services in Northern Ireland (as well as three in Gibraltar – see pp 89-91, 1988) and three were blown up by their own devices. Also 552 weapons and 105,000 rounds of ammunition were seized, and nine and a half tonnes of explosives were found or neutralised.

Procurement

Royal Navy Equipment

The first two Trident submarines are being built in Britain, and the third is to be ordered in 1989. The latest estimate of the cost of the Trident programme is £9,089 million, indicating that the real cost continues to fall.

The Royal Navy's conventional forces continue to be improved, the White Paper says. Three of five Trafalgar class nuclear-powered submarines are in service, and the fourth is planned to enter service in 1990. These vessels will strengthen Britain's anti-submarine warfare (ASW) capability. The first of four conventionally-powered submarines on order is expected to be operational in 1989. Within a total fleet of 200 vessels, the Government remains committed to maintaining a force of about 50 destroyers and frigates. Three Type 22 frigates joined the Navy in 1988-89 and the last of the eight ordered is to enter service in 1989, as will the first of seven Type 23 frigates now being constructed which will form the backbone of Britain's ASW surface force after 2000.

The last of 13 Hunt class mine-countermeasure ships and the first of five of a new class of single-role minehunters (HMS *Sandown*) were delivered in 1989. Major programmes to upgrade aircraft are in hand, including the enhancement of the weapon system of the Sea Harrier and of the ASW capability of the Sea King helicopter.

Army Equipment

BAOR has been strengthened by the addition of a sixth regiment of Challenger tanks (a seventh is on order) and by four battalions of Warrior and Saxon armoured personnel carriers. The conversion of 24 Brigade to an air-mobile role is also underway; it will include an Army Air Corp Regiment of anti-tank and general-purpose Lynx and Gazelle helicopters, supported by RAF Chinook and Puma helicopters. It is also planned to replace the Chieftain tank with a Challenger 2 model, equipped with improved ammunition to penetrate future Soviet armour, provided that it can be delivered to specification, time and cost. A family of third generation anti-tank mis-

sile systems (TRIGAT) are being developed, in collaboration with France and the Federal Republic of Germany, while the light anti-armour weapon (LAW) is in service. Other equipment, such as the SA 80 infantry rifle, the S10 respirator and battle thermal imaging equipment are being produced. In the near future, the advanced air defence Rapier 2000 missile (to replace the towed Rapier), a new high velocity missile (to be issued to a third air defence regiment), the multiple-launch rocket system, and the Challenger recovery vehicle are expected to enter service in the next few years.

RAF Equipment

Britain is continuing to improve its air defence, with six out of 12 mobile radars for the UK Air Defence Ground Environment system in operation. Three Tornado F3 squadrons have replaced Lightnings and some Phantoms, and development contracts have been signed for the European Fighter Aircraft which will replace the remaining Phantoms and Jaguars. The first squadron of Harrier GR5s will be operational in 1989. Improvements to the Tornado GR1 and the development of the air-launched anti-radar missile (ALARM) are also taking place. Other improvements include the entry into service of the first of the Tristar air-to-air refuelling tankers, modified to carry freight, and of the Tucano basic training aircraft. The first of a series of Skynet 4 communications satellites for all three services was launched in 1988.

Procurement Policy

In 1989-90, 41 per cent of the defence budget – £8,258 million – will be spent on equipment. Of this over 33·1 per cent is for air equipment, 29·6 per cent for sea equipment and 18·3 for land equipment. The remainder is directed to general support (14·3 per cent) and research (4·7 per cent). In its procurement policy, the White Paper explains, the Government has adopted a commercial approach to ensure that the armed forces obtain the equipment they require and with the best value for money.

Armament collaboration with Britain's allies, the White Paper says, reduces the risks and costs of development, introduces standardisation and interoperability, and demonstrates political cohesion and goodwill. However, in order to get the best value for money, competition has to be applied to collaboration too. Britain's main task during its two-year (1989-91) presidency of the Independent European Programme Group (IEPG), which is the major multilateral forum for European equipment collaboration, will be to take forward the action plan approved by ministers in November 1988 to open up the European defence market to competition (see p 419, 1988). At Britain's instigation the Conference of National Armaments Directors (which promotes co-operation throughout the Alliance) is looking at strategies to maximise competition.

Britain is involved in 24 collaborative projects in development or earlier study phases, such as the European Fighter Aircraft (with the Federal Republic of Germany, Italy, and Spain), two helicopters (the EH101 with Italy, and the light attack helicopter with Italy, the Netherlands, and Spain), and a medium-range surface-to-air missile (a European joint study). Britain and France are exchanging information on future needs for land-based equipment and the two countries held conferences in 1988 on sea and air systems.

Contracts for defence sales signed in 1988 are expected to be worth some £3,500 million. Britain's participation in the United States' strategic defence initiative is continuing, 90 US-funded contracts and sub-contracts with a value of £65 million having been placed with British firms.

Defence Research

Some £428 million is to be spent on research in 1989-90, 2 per cent of the defence budget and 5 per cent of planned procurement spending. The White Paper repeats earlier statements that the policy is gradually to reduce spending on government-funded defence research and development while recognising the need for enough activity in defence research for the armed forces' needs. 'We encourage firms to offer the technologies they have developed themselves and we will pursue collaborative opportunities vigorously,' the White Paper says.

The six defence non-nuclear research establishments, which employ 14,000, provide a scientific and technical service, spanning the whole of the equipment procurement process. The Government intends that four of these organisations should form the core of a defence research agency which, by strengthening internal management and by sharpening the relationship between the Ministry of Defence as customer and the establishments as suppliers of advice and technical services, will secure best value for money in spending on research and technical support.

Defence Budget

The defence budget for 1989-90 is £20,143 million, £928 million more than the original supply estimate provisions for 1988-89, and £175 million more than was planned for 1989-90 in the 1988 public expenditure White Paper (see pp 54-8). The planned provisions for 1990-91 and 1991-92 are £21,190 million and £22,100 million respectively. The defence budget will grow in real terms during this period to enable Britain to continue to play its full part as one of the leading members of NATO.

Personnel

The regular armed forces totalled 312,700 in January 1989, of whom 64,700 were in the Royal Navy and the Royal Marines, 156,000 in the Army and 92,100 in the Royal Air Force. Reserve forces totalled 325,700, of whom 235,100 were regular reserves and 90,600 volunteer reserves and auxiliary forces. Cadet forces numbered 143,500.

There were 142,000 civilians employed in Britain by the Ministry of Defence in January 1989, a reduction of 146,000 since 1979 through a combination of efficiency measures, rationalisation, privatisation and contracting out. Service manpower plans are also being reviewed, with special emphasis being placed on improving efficiency in the support area and transferring resources to the front line. This includes the replacement of service personnel by

civilians in support functions when possible, thus improving fighting ability without a rise in service manpower.

Reserves

The Reserves, says a separate essay, are an integral part of the forces and would be called out in time of emergency. The Voluntary Reserves are part-time servicemen, and are organised in formed units like their Regular counterparts. Each service can call on its ex-Regulars who retain useful military skills, including many with a liability for Reserve Service.

All reservists would play a vital part in defending the European mainland and Britain. The ex-Regular would in most cases return to the role he had as a regular. The Royal Naval Reserve provides personnel for the mine-countermeasure forces, for naval control of reinforcement and resupply shipping, as well as for medical and dental teams and aircrew. Members of the Royal Naval Auxiliary Service would help to defend British ports and anchorages. Most of the Royal Marines Reserves would enhance 3 Commando Brigade in defending NATO's northern flanks in north Norway.

The Territorial Army is planned to provide 58,000 men in formed units to reinforce BAOR, making up more than half of the infantry, logistic and medical support. A further 29,000 Territorial Army soldiers (including the Home Service Force) and some 45,000 ex-Regulars would have home defence roles, guarding installations, undertaking reconnaissance and providing communications.

Personnel from the Royal Auxiliary Air Force would augment operations, intelligence and communication in maritime headquarters units and undertake defence of front-line airfields. They would also have responsibility for air movements, aeromedical evacuation and guarding key points. The RAF Volunteer Reserve would reinforce Regular units in intelligence, photographic interpretation, interrogation and public relation duties in Britain and on the continent.

Steps are being taken, the essay concludes, to make the Volunteer Reserves more effective so that they can fulfil the essential part that they play in Britain's defence, for without them the Regular Services could not be fully effective in war.

Nato and European Security

The future of the North Atlantic Alliance, and the role of Western Europe within it, were among the issues addressed by the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, in a speech to the Royal United Services Institute in London on 11 April. The North Atlantic Treaty Organisation (NATO), Sir Geoffrey said, would remain the bedrock of Western Europe's security, but in ensuring its maintenance European members faced four main challenges – the conceptual challenge of how best to defend the continent; the practical challenge of how to strengthen military co-operation and how to get better value for money; the intellectual challenge of how to make a greater input into arms control; and the public relations challenge of how to explain the need for deterrence when East-West relations were improving.

The European Contribution

The notion that Europe had to interest itself more in its own security and defence, Sir Geoffrey said, had become more widely accepted as the United States had devoted more attention to other areas of the world. In 1987 members of the Western European Union (WEU) had expressed their conviction that an integrated Europe would remain incomplete as long as it did not include responsibility for security and defence (see pp 355-56, 1987). Similarly the Prime Minister, speaking in Bruges in 1988 (see pp 335-38, 1988), had commended the European Community as a practical means by which Europe could ensure its future prosperity and security, for without growing prosperity the maintenance of security would be an ever-increasing and uncomfortable burden. In 1988 Britain had spent 4·7 per cent of its gross national product on defence – the same proportion as in 1978 but, as a result of Britain's economic recovery, worth 20 per cent more in real terms.

The first contribution, therefore, that Europe could make to its security was the maintenance of a standard of material well-being that allowed governments to take sensible decisions about defence requirements in the knowledge that they would not be crippling their economies as a result. European Community member states were aiming to complete by 1992 a genuine internal market in which procurement would be open and where competition would be encouraged (see p 224, 1988). The links that they forged and the strategies adopted should result in a more efficient, more competitive and more integrated industrial base.

Political co-operation among Community member states enabled them to harmonise policies towards the East, and members of the WEU had begun to co-operate outside the immediate North Atlantic area. There was, however, some institutional incoherence, particularly on the parliamentary side. The Community's European Parliament addressed the issues of defence and security, although it had no role in defence or the military security field, as did the North Atlantic Assembly and the WEU Assembly. There was a case for more co-operation between these bodies.

The real test of Europe's defence identity was whether it could organise itself to carry a heavier share of the costs of its own security. The European burden-sharing record had improved; whereas in the 1950s the European members of NATO were only able to field 12 divisions, they were now responsible for 97 of the 103 division equivalents in place in Europe. The balance of defence spending had also shifted markedly; in the period between 1970 and 1987 European spending increased by 34 per cent in real terms compared to 14 per cent in the United States. Between 1976 and 1986 European

members produced for Alliance use one and half times as many tanks and combat aircraft as the United States and nearly twice the number of major warships. In addition between 80 and 90 per cent of the main categories of land based equipment in Europe was European.

Other less immediately tangible contributions made by the Europeans to defence were the nuclear tasks undertaken by eight nations; the provision of more than 900 United States bases and other installations, including 66 in Britain; conscription in many countries; out-of-area contributions such as the recent operations in the Gulf; and the contribution to stability provided by a number of British garrisons in a number of countries together with military assistance to over 60 countries (see also p 178).

Alliance Strategy

NATO's strategy still rested on the concepts of deterrence, flexible response and forward defence and on the mix of defence and dialogue recommended in the 1967 Harmel Report. NATO member states had stressed their continuing commitment to these concepts (see pp 415-19, 1988) and in Britain's view they made as much sense today as they ever did. 'Without forward defence, not only in Germany, but in the northern and southern regions of the Alliance as well, there would inevitably be zones of unequal security. Without an integrated command structure, there could be no rational defence of Europe or absolute assurance that an attack on one would indeed involve all.'

On the question of nuclear deterrence, Sir Geoffrey said that, although the numbers and types of nuclear weapons in Europe might need to be re-examined, there was for the foreseeable future a certain minimum capability without which a strategy of deterrence would not be credible. New nuclear systems would therefore be required from time to time and it made no sense to imply that decisions on the need for such systems were contingent on the results of current arms control activity. 'If the Vienna talks were to produce very radical results over a period of some years, then military planning in Europe might conceivably be radically affected. We may hope for such results, but certainly cannot now plan on the basis of these being achieved.'

The same was true with forward defence: if such a policy was needed, then so were the armed forces required to implement it, even if this were costly and involved large numbers of forces in regular exercises in terrain in which they had to be prepared to operate. 'There is a certain minimum', he added, 'beyond which exercises, low flying and so on, cannot be reduced if the necessary capability is to be retained.' Although circumstances could arise in which the Alliance would conclude that forward defence was no longer necessary, the British Government and, he believed, all other Western European Governments, disagreed with those who suggested that this was the case now. 'We do not do our peoples a service by allowing the illusion to spread that forward defence can somehow be ensured in the abstract, or that political and military changes, which we hope one day will take place, have already happened.'

Forward defence, observed Sir Geoffrey, also meant integration. The Alliance's front line could only be defended by forces operating under joint command arrangements and on the basis of common doctrines, plans and practised procedures. 'An integrated command structure is not some kind of optional extra which can be improvised on the day if necessary. It is central to our strategy.'

Moreover, greater European responsibility in defence and the integrated Europe referred to in the WEU platform document, were not going to be achieved other than through integrated arrangements. All the allies had the right to expect 'unfailing solidarity' from each other. This called for more than case by case co-operation which could 'never have more than a subsidiary role in assuring collective defence'. It was necessary as well 'to make clear that countries joined in alliance, and moving towards ever-closer unity, have a total and automatic commitment to each other's security'. A genuine European defence identity presumed a roughly equal effort from member states, yet only two NATO countries committed over 5 per cent of their gross national product to defence compared with nine in 1953. The Soviet Union put 17 per cent or so of its gross national product into its forces. Some of those who spent under 3 per cent needed to do more for, if an adequate minimum was not put into defence, the result would be gradual structural disarmament.

Defence Expenditure

Value for money in defence expenditure was also required, said Sir Geoffrey. The Western performance had been very mixed and all too often there were high unit costs and wasteful duplication. He hoped, however, that market forces would, with the coming of the single European market in 1992, be more successful in delivering the benefits of scale, efficiency and standardisation. The first requirement was for defence industries to perform well and organise themselves properly. Big companies could not assume that they had an automatic right to certain contracts simply because they were the largest, or the only indigenous one, or the traditional supplier to a national market. The role of governments was to create an environment which would allow genuinely competitive firms to thrive and prosper and to bring down the barriers and restrictive practices within Europe. Britain and France had given impetus to this process by applying the principle of open competitive tendering to defence programmes. As the European internal market opened up, it was also important to resist any tendencies to create external barriers which would damage defence co-operation with the North American allies.

Arms Control

Europe's intellectual contribution to handling security issues needed to be improved, Sir Geoffrey said. Although the British and European input into the Alliance's proposals for the Vienna talks (see p 175) was very substantial, a common perspective was not shared on the topic of theatre nuclear weapons control. Britain believed that defence decisions always had to be accompanied by an arms control dimension, in the sense of planning

for the minimum necessary levels of forces and of being willing to consider the legitimate security interests of the other side. NATO had behaved responsibly in this respect and after due deliberation its stock of nuclear weapons had been reduced by some 35 per cent since the late 1970s, despite the absence of any comparable reduction by the Warsaw Pact.

Arms control negotiations, however, had to be based on the common interests of the parties involved and on a shared perception of the desired outcome. This existed in some areas but not in relation to nuclear weapons in Europe where the declared policy of Western governments was nuclear deterrence and the avoidance of a third zero, and that of the Soviet Union was denuclearisation. If there was evidence that the Soviet Union was prepared to negotiate a regime of nuclear force levels in Europe compatible with Western security interests, Britain would be ready to consider embarking on such a negotiation.

There was, however, not much point in doing so without any shared sense of a common goal. Britain had put this view in conversations with many of its Western European colleagues but had not received satisfactory replies. 'I have the feeling that in some cases the establishment of an arms control negotiation is perceived as desirable in its own right, irrespective of whether or not it is actually likely to lead to any enhancement of security.'

Need for Deterrence

Clear thinking was necessary to maintain public support for Western security policies and to sustain the understanding of citizens that real risks remained to be ensured against and that NATO offered the best policy value for money. Europe would remain divided until the Berlin Wall came down and within the Soviet Union itself the process of *perestroika* – which Britain welcomed (see pp 129-30) – was no guarantee of political stability, and it was not about to become a liberal democracy with a market economy. Moreover it was not certain that recent welcome changes in Soviet foreign policy (see pp 364-7, 1988) with the emphasis on solving rather than exploiting problems would be permanent. There were also significant areas where Soviet perceptions and those of the West were still far apart; the countries of Eastern Europe were still on a leash, albeit a longer one. All these and other uncertainties amply justified the maintenance of a sensible policy for the security and defence of Western Europe. The risks which would result from no deterrence were much greater than those involved in deterrence.

Sir Geoffrey warned that if Western defences were allowed to become obsolete, if the denuclearisation of Europe was accepted and if Europe and North America were decoupled, the Soviet Union would be left in a dominant position which it could exploit, if only politically. 'If that happened, we should have permitted the dissolution of the prospects of our remaining free and independent nations, not to mention the chances of strengthening the increasingly self-reliant united Western Europe we seek. Unwittingly, we should have destroyed as well the prospects of a more stable and tolerant relationship between East and West.'

Britain and the Commonwealth

Britain's role in the Commonwealth and the problems facing the organisation were the subjects of a speech by the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, to the Commonwealth Press Union in London on 24 April.

The Commonwealth was 'a broad Church', Sir Geoffrey said, each member state having 'something distinctive, something different to contribute'. But all shared a commitment to the Declaration of Commonwealth Principles set out by the heads of government at their meeting in 1971 (see p 65, 1971): the promotion of representative institutions and guarantees of freedom under the law; fighting racial discrimination; narrowing the gap between rich and poor; and fostering international co-operation in the cause of peace, tolerance, justice and development.

In trying to apply those principles, the Commonwealth enjoyed a number of special advantages. First, its tradition of informal consensus; second, the diversity of Commonwealth institutions, with the Secretariat at its centre; and third, its members' links with other multilateral and regional organisations. The result was that on almost any issue of importance there would be members of the Commonwealth who could offer a broad and experienced perspective.

Britain wanted to see these qualities developed further and applied constructively, Sir Geoffrey said, because Commonwealth links remained an invaluable element in Britain's diplomacy and view of the world. Thirty per cent of the budget for the Secretariat and the Commonwealth Fund for Technical Co-operation was provided by Britain, and in 1987 more than £520 million – 70 per cent of all Britain's bilateral aid – went to the Commonwealth and British dependencies. British private investment in Commonwealth countries totalled more than £30,000 million in 1987.

Namibia and South Africa

Sir Geoffrey described Namibia as a new challenge for the Commonwealth. He said that it was very important for the stability of Southern Africa that the United Nations plan for Namibian independence (see pp 130-1) succeeded and for the international community, including the Commonwealth, to do all it could to uphold the authority of the United Nations. The next stage of the plan, the holding of free and fair elections, had to take place on schedule, and all political parties had to be treated equally in the run-up to the elections. 'No party can claim the right to be the sole representative of the Namibian people until the people themselves have spoken. That is the only way to ensure that the elected government is truly representative.'

The new Namibian Government would face enormously difficult tasks: political reconciliation would be an immediate priority to prepare the ground for economic and social progress, and moderation was the key to both. If independent Namibia could build successfully on the example of Zimbabwe, this would give tremendous encouragement to all those working for peaceful change within South Africa. The Commonwealth could help to promote

Namibia's long-term stability, and Namibia could be encouraged to become a member of the Commonwealth. Britain was ready to contribute to that process.

In South Africa, where no solution was in sight, Britain was working consistently for change, Sir Geoffrey stated, bringing pressure to bear on the South African authorities for the repeal of racialist legislation, the unconditional release of political prisoners (including Nelson Mandela), and the opening of negotiations for political change.[1] Britain was involved in education and aid programmes for black South Africans, averaging about £5 million a year. Substantial aid and military training were being given to the Front-Line States, and this was increasing (see pp 130-2).

The Commonwealth itself had done much useful work on the South African problem. The 'Possible Negotiating Concept' proposed by the Eminent Persons Group (see p 215, 1986) had been a particularly valuable contribution. There was scope for the Commonwealth to do more. All were agreed on the desirability of establishing a non-racial, representative government in South Africa, and Sir Geoffrey said that differences over sanctions must not be allowed to inhibit work together towards a common objective.

Commonwealth Co-operation

Constructive Commonwealth co-operation was all the more important at a time when there was a trend towards a common search for solutions elsewhere in the world, seen most clearly in the improved climate of East-West relations (see pp 129-30), but also in the organisations to which Commonwealth countries belonged. The South Asian Association for Regional Co-operation was exploring a wide range of options for technical, economic and cultural co-operation; and members of the Association of South East Asian Nations were working together increasingly closely.[2]

It was also a time for questioning old assumptions. Many Commonwealth countries belonged to the Non-Aligned Movement,[3] which was 'conceived in the shadow of polarisation and confrontation beween East and West'. Sir Geoffrey thought that, as that shadow receded, the Movement would inevitably want to look again at some of its objectives and priorities. The Commonwealth experience of some of its members could then prove particularly valuable. Another striking trend was the move worldwide towards 'more realistic approaches to economic policy and greater democracy'. In the communist world the People's Republic of China, the Soviet Union and parts of Eastern Europe had been moving, to a greater or lesser extent, towards acceptance of market disciplines (see pp 129-30).

Political and Human Rights

Sir Geoffrey suggested some specific areas for Commonwealth action. First, they could reaffirm their commitment to political tolerance, including respect for human rights, the rule of law and freedom of the press. At present, such freedoms were found more widely in some Commonwealth countries than others. Some members still did not have elected governments. Others continued to hold political detainees or to suspend certain civil liberties. Attitudes towards press freedom were far from uniform. It was important to recollect the Commonwealth's established role as an advocate of freedom and democratic values, and Commonwealth governments should consider how best they could contribute towards maintaining the Commonwealth's distinctive and respected voice on such questions of principle: for example, the Commonwealth Secretary-General had recently spoken out firmly in defence of Commonwealth values over the Salman Rushdie affair (see pp 92-3). Commonwealth parliamentarians and professional organisations could help to strengthen the Commonwealth's democratic example by encouraging contact and discussion.

The second area for Commonwealth action outlined by the Foreign and Commonwealth Secretary was to help member states to overcome the consequences of deep communal divisions. Commonwealth partners had worked successfully to promote reconciliation in Zimbabwe, and this experience could help to assist others like Sri Lanka and Cyprus, and Fiji, which was no longer a member (see pp 316-17, 1987). Commonwealth collective action was not necessarily the most appropriate course; but members should be ready to give assistance when it was sought.

Development Policies

The third area was in reinforcing the global trend towards 'greater realism in economic policy'. There were clear lessons in the Commonwealth's economic experience. Countries like Malaysia and Singapore, though not abundantly endowed with natural resources, had achieved rapid export-led growth. 'It is hardly coincidence that they have done so by following free enterprise policies, including the promotion of a welcoming climate for inward foreign investment.' By contrast, most countries in sub-Saharan Africa, including many members of the Commonwealth, had chosen to pursue more restrictive policies in the 1960s and 1970s, and their gross domestic product had ceased to grow and even declined in the early 1980s. Some African countries had now embarked on often difficult economic reform programmes aimed at improving efficiency, incentives, competitiveness and fiscal and financial management. Countries following these adjustment policies had enjoyed relatively higher growth in agricultural exports and gross domestic product.

Economic reforms had to be backed by adequate

[1] See *Britain's Voice in South Africa*, a booklet prepared by the COI for the Foreign and Commonwealth Office.

[2] The South Asian Association for Regional Co-operation comprises Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka. It aims to foster co-operation in agriculture, rural development, health and population activities, telecommunications, postal services, science and technology, transport, metereology, sports, arts and culture, and action against drug trafficking and terrorism. The Association of South East Asian Nations has six member countries: Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand. It aims to foster the economic growth, social progress and cultural development of the region, to bring about regional peace and stability, to promote collaboration and mutual assistance in matters of common interest, and maintain close co-operation with existing international and regional organisations with similar aims.

[3] The Non-Aligned Movement, which held its first conference in 1961 and now has over 100 members, was established by countries wishing to adopt, independently of the great powers, a more co-ordinated stand on issues such as disarmament and the economic problems of developing states.

financing from international financial institutions and aid donors. As leading aid donors within the Commonwealth, Britain, Canada, Australia and New Zealand were encouraging reform policies in collaboration with international financial institutions. There was also a need to relieve the debt burden on the poorest countries and to restructure their economies with help from the International Monetary Fund and the World Bank. The Chancellor of the Exchequer's debt initiative in 1987 (see pp 315-16, 1987) was designed specifically to assist such countries, and nine sub-Saharan African countries had benefited from it so far.[1] Britain had welcomed the recent proposals from the United States Treasury Secretary, Mr Nicholas Brady.[2] Commonwealth countries could encourage their private sectors to pursue investment opportunities in other member states and to adopt, and urge others to adopt, investment codes. It was important for all countries to work for an open world trading system.

Other Issues

A final area where the Commonwealth could act concerned emerging global problems such as the environment and drugs, which demanded a common response from the international community. The Commonwealth was well placed to offer an early lead: for example, experts were to submit a report on climatic change and rises in sea level to the next Heads of Government Meeting in Kuala Lumpur in October; and Commonwealth judiciaries and law-enforcement agencies were working together on ways to combat the drugs trade. However, Sir Geoffrey felt that efforts should be focused carefully, not duplicating work that was being done already or could be done better elsewhere.

Looking ahead to the forthcoming Heads of Government Meeting, Sir Geoffrey said that he believed the Commonwealth could be optimistic about its future and its capacity to meet new challenges: this should be a cause for satisfaction not just to those in the Commonwealth, but to the international community as a whole.

London Information Forum

The need for freedom of expression, thought and choice was emphasised by the Prime Minister, Mrs Margaret Thatcher, in a speech opening the London Information Forum on 18 April. A number of proposals were put forward by Britain and the other Western participants.

The Information Forum was convened under the auspices of the Conference on Security and Co-operation in Europe (CSCE) following agreement at the recent Vienna Follow-up Conference (see pp 43-49). The Forum – attended by representatives of the 35 signatory states – was held to discuss improvements in the circulation of, access to and exchange of information; co-operation in the field of information; and better working conditions for journalists. The British delegation, led by Lord Rees-Mogg, a former editor of *The Times,* consisted almost entirely of media professionals.

Since there was no unanimous agreement on a communiqué, none was issued at the conclusion of the Forum on 12 May. Speaking at a news conference on 12 May, a Foreign and Commonwealth Office spokesman said that the Forum had fulfilled its prime purpose, namely the discussion of ideas for freeing the flow of information; it had also made an important contribution to the human rights debate and appeared to be judged by most delegations as having been a success. Proposals put forward at the Forum would be forwarded to the Helsinki CSCE Follow-Up meeting in 1992.

Some 67 proposals were tabled by participants, mostly on the improvement of working conditions for journalists.

Western Proposals

The proposals submitted by Britain and the other 16 Western states would involve the removal of legal, administrative and technical obstacles to seeking, receiving and imparting information and ideas through the media as well as those preventing the distribution of the widest possible range of printed, recorded, filmed and broadcast information. Restrictions inconsistent with CSCE documents would be removed to enable individuals, informal groups and non-government organisations to express their views through the media.

Restrictions on the right of individuals and groups to purchase, rent, use or have access to typing, printing and reproductive equipment and materials such as paper would be lifted. There would also be unconditional access to open information material available in public archives, libraries, research institutes and similar bodies. Participating states would also allow their citizens unimpeded access to sources of information in foreign cultural and information centres and remove any obligations to report to their authorities on contacts with citizens, including journalists, from other participating states. Citizens and institutions would also be free to take out personal and institutional subscriptions to foreign newspapers and periodicals and to receive them.

On conditions for journalists, the proposals state that access to crisis areas should be facilitated, that no unwarranted restrictions should be placed on television journalists seeking suitable locations for filming news items, that access to official statistical information should be eased, that the establishment of permanent press centres should be allowed, that foreign journalists should be permitted to employ local journalists and other local nationals of their choice and that access should be facilitated for foreign journalists to direct telephone dialling, telefax, telex and broadcasting and recording studios.

[1]For further details see COI reference paper No 313/89, *Britain and International Debt Relief.*

[2]In March the United States Treasury Secretary outlined general proposals for easing the debt burdens of developing countries. These would involve policies to encourage investment in developing countries and more support from creditors, including the renegotiation of debts, alternative financing arrangements and new lending.

Journalists would also be allowed to conduct opinion surveys including spontaneous polls without prior notification. Steps would also be taken to ensure that journalists were not prevented from, or penalised for, publishing articles in newspapers in other participating states.

In addition the Western proposals say that exchange programmes for media students and trainees should be encouraged as well as joint seminars and lectures by and for journalists from the different participating states. They also favour the exchange of digests of national print media and single articles by individual journalists. The Western countries also suggest the encouragement of the expansion of joint projects with other participating states in the field of information and the installation and utilisation of modern information systems such as cable and satellites.

The proposals make provision for national minorities who would be allowed to publish or disseminate information in the language of their own choice and to have access to their own cultural and literary traditions in their own languages.

Prime Minister's Speech

Opening the Forum on 18 April, Mrs Thatcher said that the circulation and exchange of ideas had enabled civilisation to develop over the centuries. Without the free competition of ideas, ignorance, prejudice and oppression would flourish. 'And that is why access to information and lively public debate are such an essential part of our way of life in the West.'

The 1975 Helsinki Final Act had called for freedom of thought and expression, freedom of choice, freedom to acquire and disseminate information, better co-operation between East and West in the field of information, and improvements in the working conditions of journalists. These had been accepted as solemn commitments by the Governments taking part in the Helsinki conference and the Forum's first task had to be the consideration of what still needed to be done to make those commitments effective.

Welcoming the changes taking place in the Soviet Union and some Eastern European countries, Mrs Thatcher said: 'We welcome in particular the more open discussion of their own recent history and the greater freedom to express views and opinions which are not necessarily those of their Governments or ruling parties. That is what freedom of speech means: freedom to express thoughts and views with which others do not agree.' The aim of the Forum was to encourage everyone to adopt the basic Helsinki standards for free exchange of information, for there could only be a 'common European home' if the occupants could mingle and talk freely. But this aim was really too modest: 'We need to set our sights higher and see if we can agree on additional measures which will serve as a beacon for the new spirit of glasnost and openness.'

Freedom of expression, thought and choice were at the heart of democracy, the Prime Minister continued. It was not only a question of differing ideals and philosophies but a practical matter. The great surge in technological advance which had revolutionised the West's standard of living could not have taken place without the creative discussion that lead to scientific discovery and its application. The personal enterprise that had been vital for prosperity would not have arisen had people not been free to make their own decisions based on the best information.

In contrast, the central command system under which people were instructed what to do had plainly failed as was clear from the changes being made in the Soviet Union and other countries in Eastern Europe and from the priority which the Soviet President, Mr Mikhail Gorbachev, was giving to political change and greater openness.

The microchip meant a new age of information technology providing ever more rapid access to ever more information. 'Countries which try to insulate their people from these developments, which try to limit access to information, to control the use of photocopiers, to restrict contacts with foreigners, do not just fail to live up to their commitments under the Helsinki accords: they condemn their people to lower standards of living and to a second-rate existence.'

Freedom within the Law

Freedom of expression in Britain meant freedom within the law as passed by a democratically elected Parliament and administered by independent and impartial judges. There were occasions when the law in Britain, as in other countries, did restrict freedom. There were laws of libel and slander to protect people from defamation and laws against incitement to violence and racial abuse and against obscene publications. The ownership of copyright and other intellectual property was protected (see pp 208-11, 1988) and freedom of expression was restricted to protect national security (see pp 4-6) and to prevent terrorists from using the media to promote their aims and to exploit freedom only to undermine it (see pp 361-63, 1988). Every restriction on freedom of expression had to be carefully weighed to ensure that the remedy was not worse than the disease. The case had to be made by those proposing a new restriction and every proposal was subject to the most searching examination by Parliament. What could never be permitted was arbitrary denial of freedom at the whim of Government. 'Government too must always act within the law.'

The Prime Minister stressed that if Governments had the responsibility of ensuring freedom for the media it was the duty of the press and the media to use that freedom responsibly. This meant respect for the rights and privacy of the individual, for fairness and balance and for accuracy. 'Lack of respect for any or all of these represents an abuse of the freedom of the media.'

Common Commitment

Concluding, Mrs Thatcher said that the recent Vienna meeting had firmly established the principle that any country was entitled to enquire about, check and question the policies of others in the field of human rights and freedoms. The commitments allowed no equivocation and all had to be equally respected. Trust was impossible when promises made were broken. 'The most fundamental test which we apply to other countries is the way in

which they treat their own people. Confidence in other areas such as arms control will be much harder to achieve if human rights commitments are not honoured.'

Statement by the British Delegation

Speaking on 19 April, the leader of the British delegation, Lord Rees-Mogg, said that changes inside the societies of Eastern Europe and the Soviet Union had made possible changes between those societies and nations in the West. Many communist countries were undergoing a transformation which included great improvements in the working conditions of journalists and in the conditions permitting the citizens of those countries to enjoy the benefits of free information services. Outstanding progress had been made in Hungary and in Poland, and in the Soviet Union there had been a 'quantum leap in the quality and the volume of information'. There had, however, been little progress in Romania, Bulgaria, Czechoslovakia and the German Democratic Republic.

Noting that, as pluralism developed in Eastern Europe, there would be an increasing awareness of the limitations on free expression that still survived, Lord Rees-Mogg said that the West must look at its own practices and welcome friendly criticisms. In some Western countries constitutional provisions guaranteed the freedom of the press, while in others the press had to find its way with only those privileges that existed for ordinary citizens and had to be prepared to face conflicting obligations in law. The questions of privacy and the right to reply had been the subject of concern in Britain and there was a need to develop a new clarity in some of these areas.

If Western nations wanted to help Eastern nations to develop freedom of communication throughout the world, there was obviously going to be a role for investment in new technologies and new equipment. Modern communications were by their nature free because it was impossible to monitor them in the same way as simpler systems. The modernisation of telephone and broadcasting systems would be good for trade and for freedom of information.

Concluding, Lord Rees-Mogg said that Britain was the first nation in the world to establish complete press freedom three hundred years ago. As the host of the Forum, Britain had total commitment to a free press, the freedom of law and free parliamentary elections.

Shorter Note

ENVIRONMENTAL AID TO INDIA

Britain has offered £40 million in aid to India for forestry projects and the adoption of alternative strategies to the use of chlorofluorocarbons (CFCs). The first project likely to benefit from the facility is a scheme now under discussion to conserve forests, including teak forests and tropical rainforests, in the Western Ghats. It will involve a joint effort by local people and the Forest Department to reduce forest clearance, burning and grazing and to rehabilitate or replant disturbed areas.

Used widely as the coolant in refrigerators, in air-cooling systems, as the propellant in aerosol spray cans, in the manufacture of foams and as solvents, CFCs have been described as a major factor in the depletion of the ozone layer. The need for industrialised countries to identify ways of helping developing countries to move to a CFC-free world in a way that would not jeopardise their economic growth was recognised at the London conference on Saving the Ozone Layer in March (see pp 105-7).

Source: Overseas Development Administration press notice, 24.4.89.

Britain's Trade Deficit

The deficit on the current account of Britain's balance of payments was largely the result of an excess of investment over savings in the private sector, the Chief Secretary to the Treasury, Mr John Major, said in a speech in London on 27 April. As such, it would prove self-correcting with the slowing in the pace of economic activity that the rise in interest rates was designed to achieve.

Speaking to the American Chamber of Commerce (United Kingdom), Mr Major said that Britain and the United States agreed that governments had an important role to play in providing a stable background in which industry could operate effectively. The main job was to reduce, and eventually eliminate, inflation. Inflation undermined business and personal planning, destabilised industrial relations and could quickly destroy the savings of a lifetime. Monetary policy had to remain tight to maintain downward pressure on inflation. While recognising the discomfort of high interest rates, the Chief Secretary said that they were necessary in order to avoid the long-term pain of an inflationary spiral that would damage competitiveness, industrial and commercial growth and individual prospects. 'We have made it absolutely clear that we are not prepared to take risks with inflation.'

The British economy was now characterised by high growth and high investment.[1] The investment was critical as it had enabled industry to improve its productivity considerably. However, recent debate had focused on the trade deficit.

The Trade Deficit

In 1988 the figures showed a deficit on the current account of the balance of payments of around £14,500 million, equal to 3·2 per cent of gross domestic product (GDP). Mr Major maintained that these figures were an overstatement: the balancing item – an unknown mixture of unidentified capital inflows and unrecorded net exports – was even larger, at £15,000 million, than the total recorded deficit. Nevertheless, it was clear that the current account had deteriorated significantly between 1987 and 1988.

Cause of the Deficit

The main reason for the deficit was 'the dramatic surge in investment'. As this had not been accompanied by a comparable increase in savings, Britain had had to import capital from abroad. The net capital inflow was the necessary counterpart of the current account deficit. With the world economy becoming increasingly integrated, it was inevitable that there would be differences in patterns of saving and investment between countries and therefore balance-of-payments surpluses and deficits.

It was clear that consumer spending had also been growing rapidly although at only half the rate of investment. The successful supply-side policies of recent years, together with this extra investment, had made possible a substantial increase in output. But in 1988 domestic demand from both companies and persons had grown even faster than the capacity of industry to meet it. The excess had been diverted partly into imports and partly into inflation. This unwelcome resurgence in inflation had been a worldwide phenomenon. The common response had been prompt action to tighten monetary policy, reflecting a determination to bring and keep inflation under control.

Is the Deficit a Threat?

The Budget forecast had been for a current account deficit in 1989 of £14,500 million, equal to around 3 per cent of GDP. Given the underlying strength of the economy, this was readily financeable. There were, the Chief Secretary said, three reasons for this.

First, Britain's net overseas assets position was extremely strong (see p 314, 1988), the ratio of these to national income being easily the highest for any major economy.

Secondly, the nature of the present deficit was quite different from those Britain had experienced in the 1970s. Then the Government had been borrowing overseas to fund an excessive spending programme. By contrast, the Government was now running a substantial budget surplus of some 3 per cent of national income (see p 136). In the three years to March 1990 around one-sixth of the outstanding government debt would have been repaid. The public sector was thus adding to total savings rather than contributing to the deficit.

Thirdly, the most important point to bear in mind when putting the deficit in context was its composition. Only about one-quarter of the growth in the value of manufactured imports between 1987 and 1988 was accounted for by consumer goods; the rest was made up of goods for production and investment. The significance of this was that it rep-

[1]The economy is in its eighth successive year of sustained growth, averaging more than 3 per cent a year. Over the past seven years investment has grown more than twice as fast as consumption.

resented investment by British firms both to modernise and increase output. 'The short-term impact on the balance of payments should be the precursor of long-term improvement in productive capacity and efficiency.' Recent trends in the balance of trade had been encouraging, with imports of consumer goods falling and exports of manufactures rising.

Correction of the Deficit

The Government had always made clear, Mr Major continued, that the deficit was the result of private sector decisions; it was therefore through changes in private sector behaviour that the gap would be closed. The current level of interest rates[1] was beginning to have the intended effect. Higher rates made saving more attractive and borrowing less so. They would also bring down the growth in consumption to a more manageable level and in so doing reduce the increase in imports of consumer goods. The evidence of improvement was gradually accumulating: the housing market had slowed considerably both in terms of prices and turnover while recent statistics on retail sales and the stock of narrow money confirmed that the growth in consumer spending was slowing in response to the tightening of monetary policy against the background of a budget surplus. These were welcome developments but it had to be recognised that the process of reducing the deficit would take time.

The current investment boom, while adding to the deficit in the short term, would eventually play its part in reducing it. These investments would lead to increased capacity and improved competitiveness and export performance as well as displacing some imports. In both ways the new output would help to reduce the deficit.

As improved competitiveness was the key to a more prosperous and stable economy, companies had not only to invest and improve the quality of their goods but also to increase their competitiveness by restraining the rise in their unit wage costs. 'Achieving this is an important function of good management and prudent investment.' Mr Major stressed that the Government would not permit the depreciation of sterling as a way of artificially improving competitiveness. 'Such a policy is not sensible. It is not prudent. And it rarely works. It would simply raise import prices and add to inflationary pressures.' Nor would the Government attempt to reduce the deficit by protectionist measures such as import controls. Britain had a very open economy and could only be hurt by a slide into protectionism.

The Government's role in improving competitiveness was to strengthen economic performance through supply-side measures – namely deregulation, privatisation and tax reform. Over the last decade nearly 40 per cent of the state-owned commercial sector had been transferred to the private sector; a further 20 per cent was in the process of being transferred. The abolition of exchange controls (see p 162, 1980) and various other deregulatory measures had all helped to make markets more efficient. The latest White Paper on deregulation (see pp 426-7, 1988) showed the Government's continuing commitment to creating an environment in which enterprise could flourish. Britain now had a tax structure which rewarded enterprise and initiative, with one of the lowest corporate tax rates in the world.

Business was responding to this invigorating climate. New firms were registering for value added tax at an average rate of around 1,300 a week. These new enterprises would compete for business in home and export markets and would play a part in lowering the deficit.

[1]Between May and November 1988 bank base rates rose from 7·5 per cent to their present level of 13 per cent.

The Companies Bill: Second Reading

The Companies Bill (Lords), which received its second reading in the House of Commons on 3 May, provides for an updated system of company law which would reflect changes or prospective changes in the business environment. It would also permit the implementation of changes in policy aimed at reducing unnecessary burdens on business, change existing rules for the disclosure of interest in shares and refine and strengthen powers to investigate companies.

Main Provisions

Part I of the Bill would implement the seventh European Community directive, which deals with group accounts. The directive requires all company groups in Europe above a certain size to prepare consolidated accounts on a defined basis. This part of the Bill also provides for better information to be given on the positions of company groups following acquisitions.

The Bill would also give effect to a decision announced in 1988 to allow companies with a stock market listing to provide their members with summary financial information rather than full accounts, unless members indicate that they wish to receive full accounts.

The Bill contains a new definition of a subsidiary undertaking which expands that embodied in the Companies Act 1985, and would introduce tests based on control and dominant influence, to replace the existing test based on the holding of a majority of equity share capital. This is intended to curb the use of 'off-balance sheet vehicles', which are artificial devices deemed to undermine the value of consolidated accounts.

Part II of the Bill also derives from a European Community directive concerning the regulation of auditors of company accounts. The directive requires that statutory force be given to rules which were previously set up and administered by professional accounting bodies on their own behalf.

Measures announced in May 1988 which amend and extend provisions relating to investigations under the Insurance Companies Act 1982 (see p 344, 1982), the Companies Act 1985 (see p 95, 1985), the Insolvency Act 1986 (see p 252, 1986) and the Financial Services Act 1986 (see pp 51-4, 1986) would be implemented under Part III of the Bill. This also provides the Secretary of State for Trade and

Industry with powers to assist overseas regulatory authorities in their work.

Part IV of the Bill deals with the registration of charges on companies, for example, in connection with loans. This section aims to provide a better register that will assist those offering advice to companies and will reduce costs at Companies House (see p 349, 1988), which will in turn benefit those who use its services.

A deregulatory element of Part V of the Bill provides that shareholders of private companies may, by unanimous vote, dispense with certain specific provisions of company law designed for their own protection. Part V also contains new proposals to provide greater financial assistance to companies wishing to support employee share schemes and to facilitate the setting up of partnership companies.

Part V of the Bill would strengthen the rules in the Companies Act 1985 for the disclosure of interests in shares, and implement proposals announced in 1987 following a review of takeovers (see p 215, 1987). The Government feels that a greater degree of disclosure is needed to protect the interests of shareholders in the run-up to a possible takeover bid.

Part VI of the Bill concerns mergers and related matters. A main element of this section is a new, voluntary prenotification system that would offer bidders a formal procedure for clearing merger proposals in advance, with a timetable for a decision. Automatic clearance within four weeks is promised, provided the Office of Fair Trading is given the necessary information and that certain other conditions are met.

Provision is also made to restrict further acquisition of each other's shares by the parties to a merger which is referred to the Monopolies and Mergers Commisssion (MMC), and to levy fees to cover the cost of merger control.

The way in which insolvency law applies to financial markets is covered by Part VII of the Bill, which would remove uncertainties and clarify the effect that the law is currently perceived to have.

Part VIII of the Bill provides for certain changes to the Financial Services Act 1986, the Insolvency Act 1985, the Policyholders Protection Act 1975 (see p 8, 1976) and the Building Societies Act 1986 (see p 12-14, 1986), generally designed to clarify and strengthen the terms of each Act.

Parliamentary Debate

The Bill received its third reading in the House of Lords on 27 April and was sent to the House of Commons where it received its second reading on 3 May by 89 votes to 10 (*Hansard*, Vol 152, No 98, cols 291-332).

Government View

The Bill was introduced by the Minister of Trade and Industry, Mr Tony Newton, who said that it was the product of extensive public consultation and detailed discussion in many quarters. The Bill provided a system of company law which met the needs of enterprise, not least in ensuring open markets, as well as giving clear safeguards for those who invested in companies or did business with them.

Mr Newton set out and commented on the Bill's main provisions. With reference to Part I, concerning company accounts, he said that the general requirement of the present law that accounts should give a true and fair view of a company's affairs would remain paramount. That provision would prevail in any conflict with the detailed rules. He noted that the Government had recently decided that legislation should be brought forward on the setting and enforcing of accounting standards. Amendments to Part I along these lines would be introduced at the committee stage.

Referring to Part II, Mr Newton said that, in complying with the European Community directive on regulation of professional accounting bodies, the Government had sought to avoid erecting a regulatory system which would be either burdensome or expensive. The Government had no general sense of dissatisfaction with the quality or conduct of those carrying out company audits or of their regulatory professional bodies.

Two measures recommended by the review of investigation powers and procedures had not required legislation to give them force, and had thus been implemented with good effect. A new investigations division of the Department of Trade and Industry, equipped with increased resources, had already achieved a shorter average time scale for the conduct of investigations. The provisions in Part III of the Bill sought to support these changes in three ways: by altering the terms of inspectors' appointments; by simplifying or enhancing powers to obtain and disclose information; and by enabling the Government to investigate on behalf of overseas regulators.

Referring to Part VI of the Bill, Mr Newton said that the vast majority of simple cases which raised no questions of competition would be covered by the new system of voluntary prenotification. Powers would also exist to seek further information and to extend the period of consideration in cases which created problems. Some competition problems created by some mergers could be resolved by the sale of parts of the merged businesses. Under current legislation, if a disposal was not carried out, a reference might have to be made to the MMC. The Bill provided for undertakings which would deal with the possible adverse effects of a merger as identified by the Director General of Fair Trading without the need for an MMC reference.

Mr Newton said that certain amendments would be introduced at the committee stage which would bring about changes to the Financial Services Act 1986. The Securities and Investments Board (SIB) would be given the ability to set out general principles governing the conduct of investment business. A breach of such a principle could give rise to disciplinary action by the SIB. Self-regulating organisations would be obliged to adopt the same principles for similar purposes, and would also be required to adopt as many of the SIB's rules as it deemed necessary. Both the SIB and self-regulating organisations would be able to supplement their rules with guidance as to the application of those rules in particular cases.

The Government intended to amend the test for recognition of a self-regulating organisation, following a transitional period, so that the SIB could recognise such an organisation if it was satisfied that an

adequate level of investor protection was provided. Other provisions would increase the scope for the SIB and other organisations to rely on other financial services regulators, both in Britain and overseas.

Mr Newton said that the Government would invite the committee to remove certain amendments to the Bill passed by the House of Lords which sought to provide for a specific form of shareholder approval of political donations by companies. The Government felt that the present position in respect of such donations – that when donations exceeded £200, they had to be disclosed in a company's annual report – struck a reasonable balance in ensuring openness without unduly restricting the discretion of company boards, acting in what they judged to be the companies' interests, to make such donations.

Opposition Views

Speaking for the official Opposition, Mr Brian Gould said that the Bill was as important for the opportunities it had missed as for what it contained.

Mr Gould said that he accepted that the limited liability company was an institution of the greatest importance, but the Government had failed to undertake a reappraisal of limited companies' privileges which would emphasise their duties not just to shareholders, but also to their employees, consumers, customers and trading partners. In committee, the Opposition would argue for fuller disclosure in accounting, through a statutory body, than was set out in the Bill.

Mr Gould said that his party wished to retain the amended part of the Bill which would ensure that if a company wished to make donations to a political party, it would be obliged to ask its shareholders' approval. His party also wished to see democratic employee share ownership plans created which would transfer control of enterprises to their work forces. Particular attention would be paid to employees' rights to information in special circumstances such as takeovers and merger bids.

The Opposition did not believe that the Government's stated policy on mergers references – that the only grounds for a reference were those of competition – was comprehensive enough in its scope. Mr Gould said that his party would argue that both the SIB and the takeover panel should be made statutory bodies.

Mr Charles Kennedy of the Social and Liberal Democrats said that his party supported a more interventionist policy in relation to mergers, based not only on competition, but on the wider public interest. The Government's position on the question of political donations by companies was indefensible. Parts of the Bill could be amended to secure greater shareowner democracy.

Industrial Relations

Among the developments in industrial relations in 1988 were further moves towards more flexible working, a trend towards decentralisation of collective bargaining, and wider use of performance-related pay, according to the annual report of the Advisory, Conciliation and Arbitration Service (ACAS). Trade union membership has continued to decline, although the fall in 1987 was lower than in previous years.

Further information on the pattern of industrial relations and on the trade union movement is given in COI reference papers *Industrial Relations in Britain*, No 187/89, and *Trade Unions in Britain*, No 185/89.

ACAS REPORT

Some of the major changes in industrial relations are examined in the report of ACAS for 1988, published on 25 April.[1]

Pattern of Employment

The report outlines the effects of growth in the British economy (see p 135) on the labour market. Growth in output was maintained, together with exceptional improvements in labour productivity, especially in manufacturing. Unemployment declined further[2] and labour shortages occurred in much of the southern part of the country and the Midlands, stimulating greater competition among employers to offer increases in pay and other conditions to recruit and retain the employees they needed. In some sectors shortages of skilled and experienced workers became acute, and there was increasing competition to recruit graduates and other young people and to attract women back into employment, reflecting a growing appreciation of the demographic trends which will reduce the growth in the labour force and the number of young people entering the labour market (see p 429, 1988). The shift in employment to the private service sector continued.

Flexible Working Arrangements

ACAS noted further moves towards forms of flexible working during 1988. Part-time employment continued to grow, not only in services and distribution where it has long been used, but also in manufacturing. Some employers introduced new forms of shift-working and there were some instances of 'annualised hours' arrangements in which employees agree to work a predetermined number of hours during the year rather than fixed periods each day or week. Forms of temporary work and the use of outside contractors increased. Fixed-term employment contracts, often for short periods, remained common only within larger organisations.

Technological change continued, bringing new opportunities for examining traditional forms of work organisation and changes in job structure. In many cases these changes allowed the possibility of an enlargement of job functions and greater individual involvement in quality control. The introduction of new technology was, in general, strongly supported by employees and their trade unions.

[1] *Advisory, Conciliation and Arbitration Service Annual Report 1988.* Available unpriced from ACAS, 27 Wilton Street, London SW1X 7AZ. ISBN 0 906073 39 1.

[2] In April 1989 unemployment on a seasonally adjusted basis was 1·9 million, representing 6·5 per cent of the workforce.

Changes in Bargaining Arrangements

ACAS notes that, despite the changing pattern in employment and decline in trade union membership, collective bargaining remains the main determinant of the terms and conditions of the majority of employees. However, during 1988 it noted further examples where collective bargaining ceased to apply to the salaries of managers and other attempts by private service sector employers to curtail collective bargaining. Formal de-recognition of trade unions, however, continued to be rare.

While many employers – and virtually all trade unions – who were parties to national and company-wide bargaining arrangements continued to value them as providing an established framework for stability which still allowed a necessary degree of flexibility, the trend towards decentralisation of collective bargaining was again strongly evident. Multi-company national bargaining arrangements were ended or being questioned in sectors including multiple food retailing, textiles, roadstone quarrying, cement, commercial broadcasting and airports, while national bargaining in the water industry is to end later in 1989.

Among the factors stimulating such changes were developments in the internal structures of companies and the development of new business objectives. One example was British Rail where a single large business was to be divided into a number of independent operating units, each with its own objectives and targets. In the private sector more businesses were being divided into separate product, cost and profit centres, and in such circumstances local, rather than company or industry-wide, pay determination arrangements often seemed essential to managements. The view of ACAS is that moves to local pay determination have left the structure of pay and relative earnings in comparable parts of complex businesses relatively undisturbed.

Major disputes on pay accompanied by industrial action were rare, and ACAS says that 'it is hard to conclude that the threat of sanctions by trade unions was at all significant in fuelling the continuing steep increases in earnings'. It says that the high level of profitability was a significant factor, but perhaps the most important aspect was that employers were motivated by their assessment of what they needed to afford to recruit and retain in the market.

Pay and Performance

Pay improvements were the most significant means by which employers sought to recruit and retain in the areas of greatest labour shortage. Overtime worked was at a record level since the end of the second world war in 1945 and contributed significantly to the rise in earnings.[1]

A survey by ACAS of over 600 organisations discovered a wide range of payments systems, most of which had an element of reward based on performance. The report notes that the Confederation of British Industry has established that elements of performance pay are in operation in over 60 per cent of manufacturing firms and in some 80 per cent of private service sector companies. In 1988 there was growing interest in schemes in which at least a part of remuneration is determined on regular assessment of the performance of individual employees. Traditionally such schemes have been mainly for senior management and non-manual employees in the private sector, but they are now being developed for wider groups of employees and in parts of the public sector.

[1]In the year to March 1989 the index of average earnings in Great Britain rose by 9·25 per cent.

Trade Unions

The report notes that the continuing falls in employment in manufacturing and some public utilities, as well as other structural changes, eroded further the traditional bases for strong trade union organisation. However, the level of trade union membership (see below) remained very high compared with other democratic countries outside Scandinavia, and above the level achieved throughout the 1960s. However, recognition continued to be difficult to secure, and very few employers were prepared to concede recognition for the first time except to a single union. Against this background, competition between trade unions for members was apparent and unions made efforts to improve membership, with many larger unions introducing new benefits for members, including wide-ranging legal and financial services. Further larger scale amalgamations of unions occurred. For example, in 1988 the Manufacturing, Science and Finance Union was formed from the merger of two large unions, while a number of other potentially significant mergers are under discussion.

Employment Legislation

The report says that during 1988 there were important changes in the law on industrial relations and it outlines the main features of the Employment Act 1988 (see pp 377-8, 1987), designed to give trade union members important new statutory rights. It also comments on statutory codes to promote desirable practice in the conduct of ballots and elections. The Government's other legislative plans are also referred to, including the Employment Bill covering a number of measures including the removal of restrictions on the employment of women and young people (see pp 58-9), proposals on the closed shop (see p 151), and a consultative document questioning the future of the wages councils (see p 431, 1988).

The Work of ACAS

With the changing pattern of industrial relations, ACAS faced substantial demands for its services. Nearly 1,200 requests for collective conciliation assistance were received in 1988 (slightly less than in 1987), while ACAS maintained contact in a further 524 disputes without becoming involved in conciliation. A substantial increase in requests for assistance from those engaged in cases arising under individual employment legislation occurred, and over 44,400 cases were handled, of which 82 per cent were concerned with unfair dismissal. ACAS advisory staff undertook nearly 1,000 in-depth projects in companies and other organisations aimed at helping with a wide range of problems, and held nearly 8,000 meetings to give advice on specific matters.

Trade Union Membership 1977-87

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Number of unions at end of year	481	462	453	438	414	408	394	375	370	335	330
Total membership at end of year (thousands)	12,846	13,112	13,289	12,947	12,106	11,593	11,236	10,994	10,821	10,539	10,475
% change in membership since previous year	+3·7	+2·1	+1·3	−2·6	−6·5	−4·2	−3·1	−2·2	−1·6	−2·6	−0·6

TRADE UNION MEMBERSHIP

Trade union membership in Britain showed a decline in 1987 for the eighth consecutive year, according to an article in the May edition of the *Employment Gazette*.[1] Membership at the end of 1987 was 10·5 million, 21 per cent below the peak level of 1979, equivalent to nearly half of employees in employment. However, the decline of 0·6 per cent in 1987 represented the smallest decrease since the current downward trend began in 1980 (see Table).

During 1987 the number of trade unions fell by five to 330, reflecting the continuing process of mergers, although at a lower level than in 1986. Many unions are relatively small, with over half having fewer than 1,000 members. However, the 24 unions with 100,000 or more members accounted for over 85 per cent of union membership at the end of 1987, while the eight largest unions, each of which had over 350,000 members, represented 53 per cent of total membership.

Further information, including statistics for each of the main unions, is contained in the annual report for 1988 of the Certification Officer for Trade Unions and Employers' Associations.[2] At the end of 1987 the four largest unions were the Transport and General Workers' Union (1·3 million members), the Amalgamated Engineering Union (815,000), the General, Municipal, Boilermakers and Allied Trades Union (803,000) and the National and Local Government Officers' Association (759,000).

Dock Labour Scheme

The Government has issued a White Paper setting out its proposals for the abolition of the Dock Labour Scheme (governing the employment of workers in 'scheme' ports). The Dock Work Bill, which provides for the abolition of the scheme, has received its second reading in the House of Commons.

Announcing the Government's decision in the House of Commons on 6 April (*Hansard*, Vol 150, No 79, cols 339-40), the Secretary of State for Employment, Mr Norman Fowler, said that the scheme suffered from a range of fundamental defects and remained the biggest obstacle to a modern and efficient ports industry. It was now appropriate that the scheme should be abolished.

WHITE PAPER

The White Paper[1] stresses the importance of ports and says that 'British jobs depend on the efficiency and reliability of British ports'. In 1987, 95 per cent of imports and exports passed through the seaports, accounting for 78 per cent of the value of Britain's trade, and the ports of Great Britain handled 456 million tonnes of traffic. Freight traffic has grown for six consecutive years and the ports stand to gain from the growth of the British economy and expanding international trade. To benefit fully, the ports need to meet a number of important challenges including competition from ports on the continent of Europe, growing competition from air freight, the likelihood of more trade between the European Community and other areas following the completion of the single European market in 1992 (see p 49), and the opening of the Channel Tunnel in 1993 (see pp 58-63, 1986, and pp 159-60).

The White Paper says that to meet these challenges successfully the ports need a common framework for industrial relations that encourages positive attitudes among port workers and the effective management essential to produce greater efficiency and better service. However, this framework does not exist and the Dock Labour Scheme, which applies to a majority of ports in Great Britain, 'sustains attitudes and practices in dock work which run counter to the needs of an efficient and successful ports industry, strong enough to face growing competitive pressures'.

Background

Registration schemes for dock workers, the White Paper explains, were adopted during the first and second world wars of 1914-18 and 1939-45 to ensure that there were sufficient people to carry out dock work. Since 1945 there have been three main Acts, two statutory schemes and an industrial agreement governing the regulation of dock work. The main Act is the Dock Workers (Regulation of Employment) Act 1946, which provides for schemes to ensure greater regularity of employment for dock workers and that an adequate number of workers is available for the efficient performance of their work. The first scheme under this Act was in 1947 and established the National Dock Labour Board (NDLB) with equal numbers of employer and worker representatives to administer the scheme, together with similarly con-

[1]Available from HMSO, £3·80. ISBN 0 11 728457 2.

[2]Available unpriced from the Certification Office for Trade Unions and Employers' Associations, 27 Wilton Street, London SW1X 7AZ.

[1]*Employment in the Ports: the Dock Labour Scheme*. Department of Employment. Cm 664. HMSO, £5. ISBN 0 10 106642 2.

stituted local boards. The scheme listed 84 ports, employing some 80,000 dock workers, to which it applied.

The White Paper says that in spite of the scheme there was little improvement in industrial relations or efficiency in the ports and in the mid-1960s an attempt was made to rectify this through the Docks and Harbours Act 1966 (which provided a system of licensing employers to reduce their numbers) and by a new Dock Labour Scheme in 1967 (which ended casual employment in scheme ports). Under the 1967 scheme each registered dock worker was to be allocated to a registered employer on a permanent basis.

During the early 1970s the changing nature of port traffic, in particular the development of container and roll-on, roll-off shipping and the growing proportion of Britain's trade with the continent of Europe which was accompanied by the development of new, non-scheme ports on the east coast, led to port employers requiring fewer dockers. As a result, a growing number of registered dockers were placed on a temporarily unattached register, and the trade unions saw this as threatening a return to casual employment. These developments led to a series of industrial disputes including a national dock strike in 1972 (see pp 441-5, 1972). A new series of arrangements was then adopted and the White Paper says that this effectively eliminated the flexibility provided by the temporarily unattached register. Port employers were to retain any registered dock workers for whom there was no work and accept additional workers allocated to them by local boards from employers who went out of business, including over 1,600 workers then on the temporary register.

The third Act was the Dock Work Regulation Act 1976 which was intended to resolve disputes over the boundaries of dock work by making an enlarged NDLB responsible for recommending what should be classified as dock work.

Features of the Current Scheme

Among the main features of employment in scheme ports are:

1 a statutory monopoly whereby only employers on a register maintained by the dock labour boards may undertake dock work, and only workers on a similar register may carry out such work;

2 a statutory definition of what is dock work and the areas where the scheme applies;

3 control of numbers by the NDLB's 20 local boards which alone are responsible for deciding how many people are included on their registers;

4 control of discipline by local boards;

5 involvement by the NDLB in supervising and contributing funds to medical and welfare facilities and training for registered dock workers, and administering severance and pension schemes for the industry; and

6 the existence of a 'job for life'. The White Paper says that, although the scheme clearly envisages the temporarily unattached register as a means of reducing manning when there is insufficient work, restrictions on its use and the NDLB's unwillingness to sanction redundancies other than through expensive voluntary severance have resulted in employers in practice being responsible for paying a registered dock worker until the worker volunteers for redundancy, irrespective of the state of their finances.

Development of Non-scheme Ports

The White Paper says that, although scheme ports remain in the majority, accounting for 40 of the 75 main ports in Great Britain, they have lost business and jobs to ports which have grown outside the scheme. Non-scheme ports now handle nearly 30 per cent of non-oil trade, compared with less than 10 per cent some 20 years ago. Since 1983 scheme ports have lost 30 per cent of their jobs and by 1987 employed 28,000 people, of whom 9,400 were registered dock workers. In the same period employment in non-scheme ports rose by 10 per cent to 10,000, of whom 3,900 were dock workers. Non-scheme ports have taken about half of container and roll-on, roll-off traffic, and have also been more responsive than scheme ports to the shift in trade towards the European Community. For example, none of the scheme ports has matched the performance of Felixstowe, a non-scheme port, which has achieved a fourteen-fold increase in cargo in the last 20 years to become the fourth largest port in Great Britain for non-oil traffic.

Conditions of dock workers in non-scheme ports are comparable with those of industrial workers in general, according to the White Paper. It says that their pay is competitive, while casual working is minimal, with only 6 per cent of dock workers in non-scheme ports employed on a casual basis. Health and safety standards apply throughout the ports industry, irrespective of whether or not workers are covered by the scheme.

The White Paper says that the growth of employment in non-scheme ports and their working conditions demonstrate that 'the general legal framework which now applies to employment in Britain is sufficient on its own to protect the rights of dock workers', while the scheme has been shown to be 'increasingly irrelevant and unnecessary to secure proper employment conditions'.

Disadvantages of the Scheme

The White Paper says that the scheme has proved 'a serious obstacle to efficiency in Britain's ports industry' and sets out a number of the consequences considered harmful by the Government. It says that scheme ports are 'hampered by the inefficient use of manpower sanctioned by damaging restrictive practices', and unproductive surplus labour can no longer be justified by the irregularity of dock work. Industrial relations in the ports used to be among the worst in British industry, and although there has been an improvement in recent years, as elsewhere, this cannot be attributed to the scheme. The scheme has one especially harmful effect, that of encouraging the union to escalate a local dispute by threatening national strike action. The employment arrangements remove from registered dock workers the need to consider the impact of strikes on their employers and their jobs, and the White Paper notes that no national strike has arisen from a local dispute in a non-scheme port.

The scheme's obstacles to efficiency are 'mani-

festly unattractive to port customers and potential investors' by adding to the costs of port employers, raising port charges and reducing investment. The White Paper notes that 'surrounding areas, many of them in inner cities, have been deprived of valuable job-creating investment for fear that some activities would be claimed as dock work, with all the restrictions implied'.

Over £770 million at 1989 prices has been contributed by the taxpayer in subsidies and in voluntary severance payments since 1972: £420 million for severance payments, with port employers also contributing over £125 million; and £350 million in assistance to deal with critical financial problems faced by the ports of London and Liverpool in the early 1980s.

Government Proposals

Employment and working practices in scheme ports urgently need reform, the White Paper continues. Although the number of employers and employees under the scheme has declined substantially, it says that the scheme will not just 'wither away' or become insignificant. Action is needed to free scheme ports from the constraints under which they operate, with the aim of bringing all port employers and dock workers into the same position as other employers and employees in respect of their rights and duties under employment law. The only way to achieve this effectively is through the abolition of the scheme, and the Government has therefore drawn up the Dock Work Bill to repeal all the legislation connected with the scheme. It will also involve the eventual abolition of the NDLB. The most recent payments scheme to those leaving the industry has involved a joint contribution from the employer and the Government of severance payments up to a maximum of £25,000 for each registered dock worker who volunteers to leave the industry. This will be replaced for a three-year transitional period by statutory severance arrangements for any former registered dock worker made redundant after the abolition of the Dock Labour Scheme; dockers would be entitled to a maximum payment of £35,000 after 15 years' service if made redundant in the 18 months following the end of the scheme and £20,000 during the subsequent 18 months.

The Government expects its reforms 'to provide the basis for a competitive and prosperous ports industry, serving the needs of Britain's growing economy and producing, through its success, the wealth to sustain good employment conditions for its employees'.

DOCK WORK BILL

The Dock Work Bill received its second reading in the House of Commons on 17 April by 298 votes to 195 (*Hansard,* Vol 151, No 86, cols 43-115).

Government View

Introducing the Bill, the Secretary of State for Employment, Mr Norman Fowler, said that there was an overwhelming case for the abolition of the scheme which contained a number of fundamental flaws. First, the statutory monopoly in scheme ports, which was enforced by criminal penalties, was 'a wholly inappropriate use of the law to limit employment opportunities'. Its effect was to deprive employers in scheme ports of the ability to manage their own workers and fostered a belief that the scheme rather than the performance of the port protected jobs. Secondly, restrictive practices remained widespread. Thirdly, the definition of dock work led to anomalies and bureaucracy, and took no account of the substantial changes in dock work, while the distinction between ports inside and outside the scheme was quite arbitrary. Fourthly, the scheme added to costs with the resulting inefficiency being borne by consumers through the higher costs of goods, by industry through the price of raw materials and exports, and by the taxpayer in the financial support from successive governments.

Mr Fowler pointed out that the scheme had not led to a significant improvement in industrial relations. Major strikes had occurred in every decade since the start of the scheme, and between 1967 and 1987 there had been nearly 3,600 strikes involving registered dock workers, resulting in the loss of over 4 million working days in scheme ports.

The Government was asking Parliament to bring the scheme to an end in 1989, Mr Fowler continued. It had 'manifestly become irrelevant to the needs of a modern port industry' and was 'manifestly damaging the efficiency of the scheme ports'. The Bill would remove a major barrier to the expansion of business and employment in Britain and was in the best interests of the scheme ports and of port employees.

Opposition Views

For the official Opposition, its chief employment spokesman, Mr Michael Meacher, opposed the Bill and said that there had been no unrest in the docks for several years. He commented that there had been no consultation about the Government's proposal. In addition, Mr Meacher said that there was anxiety that abolition of the scheme would lead to the return of casual employment in the industry, and he disputed the claim that the scheme involved 'jobs for life' in view of the reduction of 80 per cent in the number of dock workers in the past 15 years. Fundamental problems, such as the lack of a national ports policy, planned investment or positive industrial relations, had not been tackled and the Bill offered no answers for the future of the docks industry.

For the Social and Liberal Democrats, Mr James Wallace expressed the view that abolition of the scheme would lead to an increase in jobs and employment opportunities in many ports, although an initial decline in employment was expected. His colleagues supported the Bill, but wished to hear 'more ideas coming from the Government on a general port strategy'.

Queen's Awards

The Queen's Awards for Export and Technology for 1989 were announced on 21 April. There were 116 winners of awards for export achievement and 40 for technological achievement. The recipients represented a wide spread of industrial and commer-

cial activity and size of company; Scotland, Wales, Northern Ireland and all the regions of England were represented.

The Queen's Awards for Export and Technology are published annually on 21 April (the Queen's birthday). They are made on the advice of a committee consisting of representatives of industry and commerce as well as civil servants and trade unionists. Instituted in 1965 and revised in 1975, the awards can be made to British companies and to subsidiaries of overseas companies. Recipients hold their awards for five years and may display the awards emblem on their goods, letterheads and articles for use by employees, and in advertising. A current holder of an award may apply for consideration in subsequent years in respect of a new achievement beyond that which was recognised by the previous award.

The 156 winners of awards in 1989 were chosen from 1,087 applicants. Three companies won both awards. Companies already holding awards were recognised in 17 cases; 16 for export achievement and one for technological achievement.

Export Achievement

Export achievement awards are made for a 'substantial and sustained increase in export earnings to a level which is outstanding for the products or services concerned and for the size of the applicant unit's operations'.

Export Achievement Awards

AEI Cables (Compounds Group)
Airedale International Air Conditioning
Air Products (Process Systems Division)
Allen & Caswell
Allied Colloids Group
APV Baker (Freezer Division)
Ardtaraig Salmon
Artix
Atlas Converting Equipment Group
Austin Reed International
Austin Rover Group
Ken Ball (International)
Basys International
BhS
BICC Data Networks
BIS Banking Systems International
Black and Decker Power Tools Division of Black and Decker (UK)
Bowers Internal Gauge Co
British Aerospace
British United Shoe Machinery
Bury Cooper Whitehead (Piano Felt Division)
Cabot Safety (EAR Division)
Callard & Bowser Group trading as Smith Kendon
Cameron Balloons
Carri-Med
Central Independent Television
Chromacol
Ciba-Geigy (Pigments Division)
C I Caravans
The Cobb Breeding Company
Colour Marketing Services
Computer Patent Annuities
Cookson Graphics
C Davidson & Sons
The Davy Roll Company
De La Rue Systems
DELTA (Distribution of English Language Teaching Aids)
Delwyn Enterprises trading as Yardmaster International
Dynamic Cassette International
ECC International (Sales)
EEV (Electronics Division)
Encomech Engineering Services
Environmental Resources
Financial Times Group
Firbank Kempster Group
FormFlo
Elizabeth Gage
GEC Avionics
Grafton (Database Consultants)
William Grant & Sons
Holyhead Fish Processors
Huntingdon Research Centre
Hyster Europe
IAD (UK)
ICI Pharmaceuticals
Ilmor Engineering
Ingersoll-Rand Co (Compressor Division)
Interopa Holidays
Irlandus Circuits
IT Power
Justerini & Brooks
KBC Advanced Technologies
Kelvin Hughes
KTS Wire Industries
Laughton & Sons
Life Science Research
Lofthouse of Fleetwood
MacAlister, Elliot and Partners
Machin Designs
Marathon Belting
Marlec Engineering Co
Matsushita Electric UK
Metair Aircraft
Microblade
Mineral Industries Computing
Mulberry Company (Design)
NCR (Manufacturing)
NMC-Kenmore (UK)
Netlon (Civil Engineering Division)
R T Newey (Chemicals)
Ari D Norman
Osprey Metals
Philips Medical Systems (UK) (Radiotherapy Systems Division)
Portex
Precision Metal
Process Scientific Innovations
Prout Catamarans
Purification Products
Razamataz
RHP Precision
John Ross (Chemicals)
Rowntree
Saga Group
Sandmaster
Scobie & Junor (Meat Netting Division)
Sloane Optical trading as Cutler and Cross
Sovereign International Freight
Sulzer (UK) (Cryogenics Group)
Sunseeker International (Boats)
SWADA (London)
Targus Group
Technophone
Thermaflex
Thermopol
TI Apollo
Tract
Trans Euro Worldwide Movers
The University of Reading
VG Elemental
Vic-Tree (Birmingham)
The Wellcome Foundation
Willett International
F G Wilson (Engineering)
Wood Group Gas Turbines (Prime Mover Maintenance Unit)
Woods of Windsor

Technological Achievement

Awards in this category are made for a 'significant advance, leading to increased efficiency, in the application of technology to a production or development process in British industry, or the production for sale of goods which incorporate new and advanced technological qualities'.

Winners

The winners of the awards are listed below. Winners of awards for technological achievement are listed together with the development for which they received an award. Further information can be obtained from the Queen's Awards Office, Dean Bradley House, 52 Horseferry Road, London, SW1P 2AG.

Technological Achievement Awards

The Edwards High Vacuum International Division of the BOC Group	Air drying equipment
British Ceramic Research	Set of ceramic colour standards
British United Shoe Machinery	Computerised shoe manufacturing machinery
The Continuous Casting Plant of the Teesside Works of British Steel jointly with Thor Ceramics	Immersed rotary valve for steel making
Cambridge Research Biochemicals jointly with the Laboratory of Molecular Biology of the Medical Research Council	Pharmaceutical applications of peptides
Castlet (Electronic Engineers)	Microprocessor controls for electrostatic precipitators
The Steriseal Division of Coats Viyella Medical jointly with the Research Division of Courtaulds	Surgical dressings for chronic wound treatment
Crosfield Electronics	Remote data transmission system
The COLVERN Division of Crystalate Electronics	Position sensors for automotive electronic servicing
The Optical and Display Science Division of the Royal Signals and Radar Establishment of the Ministry of Defence jointly with Racal-MESL	Electronic radar techniques
The VSLI Design and Architectures Division of the Royal Signals and Radar Establishment of the Ministry of Defence jointly with Praxis Systems	Computer-aided design
Domnick Hunter Filters	Air drying equipment
Dowty Rotol	Landing gear for A320 airliner
The Aviation Division of Dunlop	Materials for aircraft braking systems
Encomech Engineering Services	Energy conservation system for steel making
Formula Systems	Elevator door electronic protection units
GEC Traction	Electronic railway propulsion equipment
Holset Engineering Co	Turbocharger shaft and wheel manufacturing system
Hydra-Lok	System for attaching offshore structures to undersea anchorages
Keeler jointly with the Technology Division of PA Consulting Group	Non-contact tonometer for glaucoma screening
Marconi Instruments	Computerised radio transmitter and receiver testing
Miles 33	Electronic composing and publishing system
Norprint International	Magnetic striped and encoded tickets and payment tokens
Oxford Instruments	Magnets for nuclear resonance spectroscopy
Oxford Lasers	Air-cooled metal vapour lasers
The Cambridge International Supply Centre (IPSC) of Philips Radio Communications Systems (UK)	Wide-area radio pagers
Philips Radiotherapy Systems Division of Philips Medical Systems (UK)	Radiotherapy linear accelerator
Plessey Defence Systems	Mobile military telecommunications system
River Don Castings	Offshore steel castings
The Automated Compressor Blade Project Team of Rolls Royce	Automated blade manufacturing process
The Telecommunications Systems Division of STC	Flexible access telecommunication system
Unipath	Home pregnancy test system
Westland Helicopters	Composite main rotary blade for Sea King helicopter
Wycombe Marsh Paper Mills	Sterilised paper for medical drapes and wraps

Oil and Gas

Britain's offshore oil and gas industry showed a high level of activity in 1988. Oil production fell by 7 per cent and gas production by 4 per cent in 1988. The highest total of exploration wells since 1984 were drilled and 14 significant discoveries were made. British suppliers gained 84 per cent of the value of orders for goods and services on the United Kingdom Continental Shelf (UKCS).

The Department of Energy's 1989 review of oil and gas development, published on 25 April,[1] covers the events of July 1988, when the Piper Alpha fixed production platform was destroyed by a series of explosions and fires (see pp 320 and 354, 1988, and p 34). Of the 226 crew aboard the installation, 165 died and 61 were rescued; two of the rescuers were also killed. It is hoped that new regulations providing for offshore safety representatives and safety committees will be in place by summer 1989. The Department of Energy has stated that it will accept

[1]*Development of the Oil and Gas Resources of the United Kingdom 1989.* Department of Energy. HMSO, £21. ISBN 0 11 412946 0.

Table 1

Oil Production

million tonnes

Offshore fields	1983	1984	1985	1986	1987	1988
North Alwyn	–	–	–	–	0·1	3·2
Argyll	0·7	0·4	0·4	0·5	0·4	0·4
Auk	0·6	0·6	0·5	0·5	0·5	0·5
Balmoral	–	–	–	†	1·6	1·7
Beatrice	1·5	2·2	2·5	2·0	1·6	1·5
Beryl	3·8	4·3	4·9	4·6	4·4	4·8
North Brae	–	–	–	–	–	1·4‡
South Brae	1·0	3·9	4·1	5·1	4·8	4·5
Brent	18·7	20·0	19·9	19·5	17·7	16·1
Buchan	1·6	1·1	0·9	1·1	1·0	1·0
Claymore	4·7	5·0	4·3	3·9	4·0	1·7
Clyde	–	–	–	–	1·6	2·5
North Cormorant	2·1	4·4	5·0	5·0	4·1	4·0
South Cormorant	1·5	1·7	2·0	2·2	1·9	2·0
Deveron	0·1	0·1	0·3	0·3	0·3	0·2
Duncan	0·1	0·6	0·7	0·4	0·2	0·1
Dunlin	3·5	3·1	2·5	2·0	2·4	2·4
Forties	21·7	20·3	18·4	16·5	15·9	14·2
Fulmar	5·7	6·0	5·2	7·5	7·2	7·2
Heather	1·3	1·2	1·1	1·0	0·9	0·7
Highlander	–	–	1·0	1·3	1·4	0·7
Hutton	–	1·3	2·8	3·8	3·0	3·1
North-West Hutton	1·9	2·4	2·2	2·3	1·4	1·4
Innes	–	–	0·2	0·2	0·1	0·1
Magnus	1·5	5·6	6·0	6·0	6·0	6·7
Maureen	0·8	3·8	3·8	3·6	3·5	3·0
Montrose	0·7	0·8	0·6	0·6	0·6	0·5
Murchison (UK)	4·4	2·9	3·1	2·8	2·9	2·4
Ness	–	–	–	–	0·3	0·8
Ninian	13·7	11·6	10·9	9·7	7·5	7·0
Petronella	–	–	–	†	0·5	0·3
Piper	9·6	8·9	9·0	8·4	8·0	3·2
Scapa	–	0·1	0·2	0·4	1·0	0·7
Statfjord (UK)	3·0	3·5	4·5	5·4	5·7	5·4
Tartan	1·1	1·2	1·2	1·0	1·6	0·7
Thistle	5·1	4·2	3·7	3·0	2·7	2·5
Crude oil from offshore fields*	110·6	121·0	122·1	120·7	117·1	108·6
Crude oil from onshore fields*	0·3	0·3	0·4	0·5	0·5	0·8
Liquefied products from oil and gasfields:						
Condensate	0·6	0·6	0·7	0·7	0·8	0·8
Heavier natural gases	3·5	4·1	4·4	5·1	4·9	4·2
Total production	115·0	126·1	127·7	127·0	123·3	114·4

*Includes condensates and residual dissolved gases present in the disposal of stabilised crude oil by the industry.
†Less than 50,000 tonnes.
‡Production from gas condensate reservoir.
Note: Differences between totals and the sums of their component parts are due to rounding.

improvements to the present offshore safety regime recommended by the public inquiry in Aberdeen, which started its full hearings in January.

Following the Piper Alpha incident, production from Piper Alpha and from the connected Claymore, Highlander, Petronella, Scapa and Tartan fields was shut down. Plans are in progress to recommence production from the Piper reservoir. Highlander and Tartan began limited production in January, and Petronella in February, with full production expected from all three by May. Scapa and Claymore are expected to resume in May.[1]

[1]In a statement in the House of Commons on 20 April (*Hansard*, Vol 151, No 89, cols 457-8), the Secretary of State for Energy, Mr Cecil Parkinson, announced that an explosion had taken place on Cormorant Alpha, a production and gathering platform for the nine oilfields in the Brent system, which had been shut down as a result. There had been no loss of life or injury. The loss of production, however, was some 400,000 barrels a day, amounting to 17 per cent of Britain's daily output.

Table 2

Gas Production

million cubic metres

	1983	1984	1985	1986	1987	1988
North Alwyn	–	–	–	–	1	2,840
Audrey	–	–	–	–	–	656
Bure	–	–	–	–	270	291
Cleeton	–	–	–	–	–	278
Esmond	–	–	591	970	1,202	1,049
FLAGS†	4,277	5,271	6,139	6,561	6,435	6,366
Forbes	–	–	107	305	467	294
Frigg	6,063	6,167	6,241	5,720	5,310	4,986
Fulmar	–	–	–	196	507	553
Gordon	–	–	177	528	484	532
Hewett Area	3,851	3,631	3,413	3,336	2,720	2,176
Indefatigable	4,700	5,590	5,323	6,186	6,430	4,448
Leman	11,985	9,376	10,943	10,029	10,903	9,506
South Morecambe	–	–	90	604	1,441	975
Piper/Tartan area*	848	796	807	777	944	437
Rough	27	55	92	7	–	–
North and South Sean	–	–	–	202	391	321
West Sole	1,719	1,899	1,771	1,695	1,576	1,520
Thames	–	–	–	351	1,106	860
North Valiant	–	–	–	–	–	121
South Valiant	–	–	–	–	–	110
Vanguard	–	–	–	–	–	60
Victor	–	472	1,485	1,600	1,578	1,436
Viking Area	3,413	3,197	3,450	3,712	3,166	2,599
Vulcan	–	–	–	–	–	428
Yare	–	–	–	–	210	264
Total	38,700	38,529	42,971	45,304	47,641	45,751

*Gas used offshore or delivered to land via the Frigg pipeline system.
†Gas delivered to land via the FLAG system gas pipeline.
‡Associated gas produced and used mainly on Northern Basin oil production platforms.

Table 3

Taxes and Royalties attributable to UKCS Oil and Gas

£ million

	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89 (provisional)
Royalties	1,904	2,426	2,057	919	1,024	600
Petroleum revenue tax	6,017	7,177	6,375	1,188	2,296	1,300
Corporation tax						
Before advance corporation tax (ACT) set-off	877	2,425	2,917	2,683	1,350	1,300
ACT set-off	430	1,237	1,086	1,137	725	800
Mainstream corporation tax	447	1,188	1,831	1,546	625	500
Total	8,798	12,028	11,349	4,790	4,670	3,200

Includes advance petroleum revenue tax.
Note: Differences between totals and the sums of their component parts are due to rounding.

Oil and Gas Production

Britain's total oil production declined from 123·3 million tonnes in 1987 to 114·4 million tonnes in 1988. This latter figure included 4·2 million tonnes of heavier natural gases, 0·8 million tonnes of condensate and 0·8 million tonnes of onshore crude oil (of which 0·5 million tonnes were produced from the Wytch Farm field and the remainder from minor fields in the East Midlands, Hampshire and Dorset). Two new offshore oilfields (North Brae and Eider) and one onshore (Horndean) came onstream in 1988, bringing the total number in production to 36 offshore and nine onshore fields.

In 1988 gas produced from the UKCS amounted to 45,751 cubic metres,[1] as compared with 47,641 cubic metres in 1987. Supplies of UKCS gas to British Gas accounted for 79·8 per cent of its total supplies (UKCS production plus imports). Seven new

[1] 1 cubic metre = 35.31 cubic feet.

Table 4

Britain's Primary Fuel Consumption compared with Oil and Gas Production

million tonnes of oil or oil equivalent

	1983	1984	1985	1986	1987	1988 (provisional)
Primary fuel consumption:						
Coal	65·6	46·5	62·0	66·8	68·3	65·6
Petroleum	72·4	89·9	78·3	77·7	75·4	79·1
Natural gas	44·0	45·0	48·4	49·2	50·5	47·8
Nuclear electricity	10·5	11·5	13·0	12·6	11·7	13·5
Hydro-electricity	1·4	1·2	1·3	1·4	1·2	1·4
Total	194·0	194·1	203·0	208·6	210·0	210·5
Oil production	114·9	125·9	127·8	126·9	123·3	114·4
Gas production	34·0	33·2	37·1	38·9	40·8	39·3

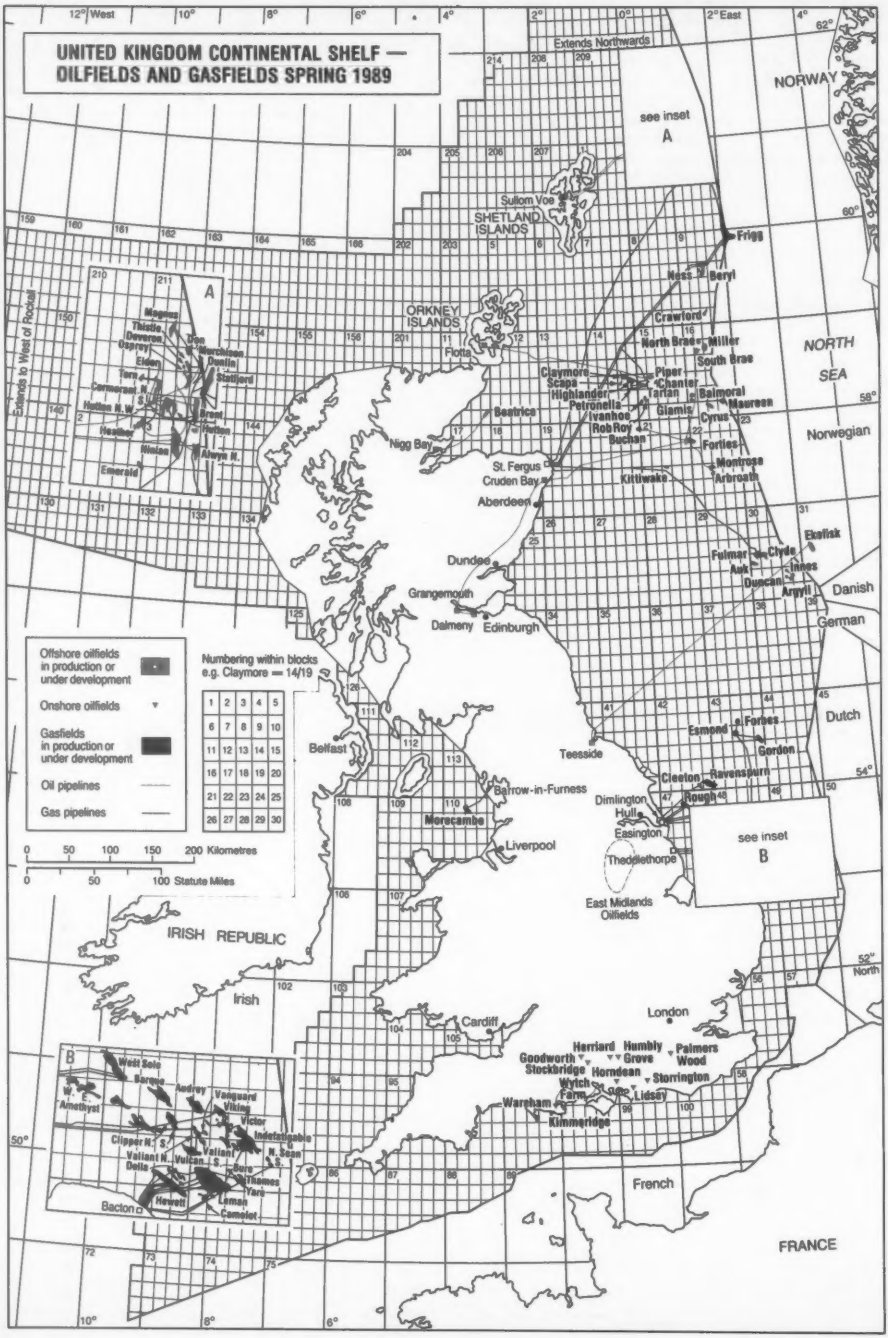
Note: Differences between totals and the sums of their component parts are due to rounding.

Table 5

Analysis of orders* placed for goods and services for developments on the UKCS during 1988

	Value of orders in £ million		British percentage	British percentage in 1987
	Total	British share		
Exploration				
Surveying	79	61	77	82
Exploration and appraisal drilling	157	135	86	91
Sub-total	236	196	83	88
Development				
Production platforms	427	408	96	94
Installation operations	87	53	61	85
Plant and equipment	301	246	82	88
Submarine pipelines	187	134	72	71
Development drilling	129	115	89	91
Terminals	136	122	90	90
Sub-total	1,267	1,078		
Production				
Maintenance and production	123	117	95	94
Sub-total	123	117	95	94
General Services (excluded wherever possible from above)				
Transport	246	214	87	88
Diving and underwater services	85	79	93	89
Drilling tools and equipment	469	359	77	76
Support of personnel offshore	47	45	96	92
Miscellaneous	50	43	86	94
Sub-total	897	740	82	83
Total	2,523	2,131	84	87

*The figures represent orders over £100,000 in value for all sectors.


UNITED KINGDOM CONTINENTAL SHELF — OILFIELDS AND GASFIELDS SPRING 1989
Extends Northwards
see inset A
see inset B
NORWAY
SHETLAND ISLANDS
Sullom Voe
ORKNEY ISLANDS
Flotta
Frigg
Beryl
Crawford
North Brae
Miller
South Brae
Claymore
Scapa
Highlander
Piper
Chanter
Tartan
Balmoral
Petronella
Ivanhoe
Rob Roy
Glamis
Cyrus
Maureen
Beatrice
Nigg Bay
Suchan
Forties
Montrose
Arbroath
St. Fergus
Cruden Bay
Kittiwake
Aberdeen
Ekofisk
Fulmar
Clyde
Auk
Innes
Duncan
Argyll
Dundee
Grangemouth
Dalmeny
Edinburgh
Esmond
Forbes
Gordon
Belfast
Teesside
Barrow-in-Furness
Morecambe
Liverpool
Dimlington
Hull
Easington
Theddlethorpe
Cleeton
Ravenspurn
Rough
East Midlands Oilfields
IRISH REPUBLIC
Irish
Cardiff
London
Herriard
Humbly Grove
Palmers Wood
Goodworth
Stockbridge
Horndean
Storrington
Wytch Farm
Lidsey
Warham
Kimmeridge
French
FRANCE
Bacton
West Sole
Sarsens
Audrey
Vanguard
Viking
Victor
Indefatigable
N. Sean
Clipper N.
Clipper S.
Valiant N.
Valiant S.
Vulcan
Delta
Thames
Yare
Hewett
Leman
Camelot
Amethyst W.
Offshore oilfields in production or under development
Onshore oilfields
Gasfields in production or under development
Oil pipelines
Gas pipelines
Numbering within blocks e.g. Claymore — 14/19
0 50 100 150 200 Kilometres
0 50 100 Statute Miles
Extends to West of Rockall
Danish
German
Dutch
Norwegian
NORTH SEA

offshore gasfields came onstream in 1988, bringing the number in production (including one onshore field) to 25.

Exploration and Development

During 1988, 93 exploration and 84 appraisal wells were started. The mature provinces of the North Sea accounted for about 82 per cent of this drilling activity.

Twelve offshore discoveries were announced in 1988: seven of oil, two of oil and gas, and three of gas. Onshore, 16 exploration and three appraisal wells were started, and two discoveries made: one in southern England and one in the East Midlands. These figures show a reduction on recent years, but there has been increased attention to relatively unexplored areas of Britain, such as Scotland and Wales.

Twelve offshore oilfields and seven offshore gasfields were under development on the UKCS at the end of 1988, and 167 development wells were drilled during the year, 32 more than in 1987, and 23 more than the previous highest figure, in 1985. Thirty onshore development wells were drilled.

Reserves

The estimate of proven plus probable initially recoverable oil reserves in present discoveries shows a slight increase from 2,360 million tonnes in 1987 to 2,380 million tonnes in 1988. Possible reserves were reduced by some 30 million tonnes to 610 million tonnes. The maximum possible total shows a slight decrease, from 3,000 million tonnes in 1987 to 2,990 million tonnes in 1988. After taking account of cumulative oil production to the end of 1988 – 1,190 million tonnes – remaining recoverable oil reserves in present discoveries are estimated to be in the range of 570-1,800 million tonnes.

Proven plus probable plus possible initially recoverable gas reserves in present discoveries now stand at 2·43 million million cubic metres. Proven plus probable reserves have decreased from 1.92 million million cubic metres in 1987 to 1·86 million million cubic metres in 1988. After deducting cumulative gas production to the end of 1988 of 664,000 million cubic metres, remaining recoverable gas reserves in present discoveries are estimated at 590,000 million to 1·77 million million cubic metres.

Potential additional reserves (reserves found by exploration drilling about which insufficient is known to classify them as possible discovered reserves) are put at between 100 and 250 million tonnes for oil and between 110,000 million and 240,000 million cubic metres for gas.

Estimates of undiscovered recoverable reserves, says the report, need to be treated with great caution. As new, higher-quality exploration data are acquired, however, and the geology becomes better understood, the ability to recognise less obvious deposits is enhanced. Detailed assessments have been made in the northern and central North Sea, in the Southern Basin and Irish Sea, and in the East Midlands, North Yorkshire, Humberside, Weald, Usk (Gwent), and south-east England. Estimates for undiscovered oil lie in the range of 550 to 3,090 million tonnes. For undiscovered gas, associated gas (that is, associated with oil accumulations) and condensate, the estimated range is 255,000-1·16 million million cubic metres.

Economic and Industrial Aspects

In 1988 UKCS oil and gas production accounted for about 2 per cent of Britain's gross national product at factor cost. Total revenue from the sale of oil and gas produced from the UKCS in 1987 is estimated to have been £7,200 million and £2,100 million respectively. Tax and royalty receipts attributable to UKCS oil and gas are estimated to have been £3,200 million in 1988-89 (see Table 3). Gross capital investment in the mineral oil and natural gas extraction industry (including investment by drilling and other contractors providing services to the industry) is estimated at some £2,000 million in 1988, about 11 per cent of British industrial investment and 3 per cent of gross domestic fixed capital formation. Total investment between 1965 and 1987 came to about £35,000 million (£49,000 million in 1988 prices). Some 29,300 people were employed offshore in June 1988.

Table 4 shows the relationship between oil and gas production and primary fuel consumption. Britain's production of oil and gas in 1988 corresponded to about 54 per cent and 19 per cent of total primary fuel consumption respectively. Oil production, at 114·4 million tonnes, exceeded consumption (79·1 million tonnes), and there was a substantial export and import trade in crude oil.

In 1988 the total value of orders reported by operators for oil and gas development work on the UKCS was £2,523 million, of which the British share was £2,131 million (84 per cent). During 1988 increased exploration and development resulted in the value of orders being some 35 per cent higher than in 1987 (see Table 5).

Licensing

The closing date for the eleventh offshore petroleum licensing round (see p 177, 1988) was 8 February 1989. For the 212 blocks on offer, 125 applications were received from 84 companies. In December 1988 six further licences were awarded in the second onshore petroleum licensing round (see p 120, 1988) in response to an invitation to convert exploration licences issued under pre-1984 regulations into new-style licences. One appraisal licence was awarded in March. At the end of 1988 there were 286 onshore petroleum licences covering an area of 51,523 sq km (19,900 sq miles).

A further six applications covering 1,650 sq km (637 sq miles) in Northern Ireland are being processed (see p 177, 1988).

Shorter Notes

GOVERNMENT ECONOMIC STATISTICS

Changes in the arrangements for the collection and production of government economic statistics have been outlined.

The Prime Minister, Mrs Margaret Thatcher, announced in the House of Commons on 5 April measures designed to achieve a significant

improvement in the quality and relevance of these statistics. She said that, following a report on the 1988 Budget by the House of Commons Treasury and Civil Service Committee (see p 183, 1988), the Government had set up an efficiency scrutiny in the Cabinet Office in June 1988 (see p 248, 1988) to examine the present inter-departmental arrangements for the production of statistics and to make recommendations for achieving cost-effective improvements where necessary. The report of this scrutiny[1] was being published that day.

The report recommended a large number of specific ways of improving the quality of government economic statistics; the great bulk of the recommendations had been accepted. They would be implemented over the next year under the supervision of the Director of the Central Statistical Office (CSO).

The report also made a number of recommendations for changes to the present inter-departmental arrangements for producing economic statistics. In accordance with these, the Prime Minister had decided that, from July, responsibility for the Business Statistics Office, for all the statistical series for which the Department of Trade and Industry (DTI) was currently responsible and for the retail prices index and Family Expenditure Survey, for which the Department of Employment was currently responsible, should be transferred to the CSO. The enlarged CSO would have increased direct responsibility for the compilation of the national accounts and for the associated data collection from business.

As recommended by the report, the enlarged CSO would become a separate government department responsible to the Chancellor of the Exchequer; in due course it would also become an executive agency (see pp 94 and 261-2, 1988). The Director, as Head of the Government Statistical Service, would continue to have access to the Prime Minister on matters concerning the validity and integrity of government statistics.

Mr Francis Maude, the Under-Secretary of State for Corporate Affairs, announced in the House of Commons on 10 May the publication of the report[2] of an efficiency scrutiny set up in the DTI in July 1988 to examine the arrangements for the collection of economic statistics and the methods used in statistical inquiries. The scrutiny team had been asked to look into the problem of striking a balance between minimising the burdens placed on business in providing information and meeting the needs for which the data were to be used.

The changes recommended by the report included conducting surveys less often, approaching fewer people and making forms simpler to complete. The cost to business would be reduced by around one-quarter. The changes would be implemented over the next three years.

Sources: *Hansard*, Vol 150, No 79, written answers, cols 190-1, and Vol 152, No 103, written answers, cols 435-6.

[1] *Government Economic Statistics: a Scrutiny Report.* Cabinet Office. HMSO, £8. ISBN 0 11 430035 6.

[2] *Review of DTI Statistics.* Available from Department of Trade and Industry, Headquarters Library, 1 Victoria Street, London SW1H 0ET. £5.

TRADE POLICY

A statement on the progress of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT – see pp 328-9, 1986)[1] was made by Mr Alan Clark, Minister for Trade, in the House of Commons on 10 April.

Mr Clark said that the Trade Negotiations Committee of GATT had met in Geneva the previous week in order to deal with the four issues – agriculture, protection of intellectual property (patents, designs, trade marks and copyright), textiles and safeguards – left unresolved at its meeting in Montreal in December 1988 (see p 27). The Committee agreed on frameworks to guide further negotiation on these issues and it confirmed the agreements provisionally made in Montreal on the other 11 issues under negotiation.

On agriculture, the Committee agreed that the long-term objective should be to work towards substantial and progressive reductions in support and protection sustained over an agreed period. This would be realised through strengthened GATT rules and disciplines extending to all measures affecting import access and export competition. Developed countries should not exceed their current levels of domestic and export support and protection before the end of the Round.

With regard to intellectual property, the Committee agreed that the negotiations should cover effective enforcement, the settlement of disputes, adequate standards and the applicability of basic GATT principles.

The Committee confirmed that the negotiations on textiles and clothing should aim for further trade liberalisation including progressive integration of the sector into GATT on the basis of strengthened rules and disciplines.

On the question of improved safeguards to deal with sudden surges in imports, the Committee instructed that a draft text for a comprehensive agreement be drawn up.

Mr Clark said that these four agreements plus the confirmation of those made in Montreal on such important issues as services, tariffs and disputes settlement provided a firm basis for strengthening and extending of liberal and multilateral rules for trade. Britain would continue to work with its European Community partners to ensure that the negotiations had an effective outcome and one that reflected British priorities.

Source: *Hansard*, Vol 150, No 82, written answers, cols 396-7.

NEW INWARD INVESTMENT

Two Japanese firms, Fujitsu and Toyota, have recently announced decisions to make major manufacturing investments in Britain.

Speaking in the House of Lords on 18 April, the Secretary of State for Trade and Industry, Lord

[1] For further information, see COI reference paper *Britain and the International Trading System*, No 289/87.

Young, announced that Toyota had decided to set up a motor manufacturing plant at Burnaston, near Derby, which, at a cost of some £700 million, would amount to the largest single Japanese investment ever made in Europe.

Pilot production would begin in December 1992, followed by commercial production from August 1993. At maximum capacity during this phase, the factory would produce 100,000 cars each year. Given favourable economic and commercial circumstances, the planned second phase would follow, in which the plant's capacity would rise to 200,000 cars each year. The plant would eventually employ 3,000 people. Toyota hoped to achieve a local content level of 80 per cent by 1995. Lord Young added that the company had decided to proceed without financial assistance from the Government.

A consortium of local authorities led by Derbyshire County Council has offered support to the project, including £20 million of direct investment to be drawn from the Derbyshire Pension Fund.

On 12 April the Minister of Trade and Industry, Mr Tony Newton, welcomed the decision by the electronics firm Fujitsu to set up its first European semiconductor manufacturing plant at Newton Aycliffe, near Durham. The plant will be one of the largest of its kind in Europe and will cost at least £400 million. Production will start in 1990 and the factory is expected to employ more than 1,500 people by the end of 1994. The plant will manufacture silicon chips known as DRAMs (Dynamic Random Access Memories) for use in various types of computer.

Mr Newton said that Fujitsu's decision was further confirmation that Britain had become one of the most favoured investment locations in Europe. Both Britain and Europe would benefit from the project, in that it would provide increased access to the semiconductors which formed the basis of so many advanced products needed by European industry to keep pace with its competitors.

Mr Newton said that the Department of Trade and Industry was providing £30 million regional selective assistance (see p 348, 1988) for Fujitsu to set up in a Development Area where the plant would have a major impact on the level of local employment.

Sources: *Hansard (HL)*, Vol 506, No 69, cols 691-2; Derbyshire County Council press notice, 18.4.89; Department of Trade and Industry press notice, 12.4.89.

ORGANIC FARMING

The board of the United Kingdom Register of Organic Food Standards, an independent body set up by the Government in 1987, has drawn up the first national criteria for organic food production. (In its strict form, organic farming means using only organic fertilisers and natural methods of pest control, and feeding animals on organically produced matter.) In the House of Commons in July 1988, the Minister of Agriculture, Fisheries and Food, Mr John MacGregor, said that Britain and its European Community partners would consider an organic farming option within the Community extensification scheme. This envisages incentives to farmers for less-intensive production of a range of supported agricultural products, and allows application at first on a pilot basis.

On 2 May, Mr Richard Ryder, Parliamentary Secretary at the Ministry of Agriculture, Fisheries and Food, welcomed 'the increasing involvement of retailers, and particularly the large multiples, in making organic food more available than ever before in response to consumer demand'. He said that as there seemed to be confusion about the definition of organic food, nationally and internationally recognised standards for organic production and processing were vital. The Register had drawn up a detailed blueprint for a certification and inspection service. The British market was at present too reliant on imports and it should take advantage of the standards, not only to supply a greater proportion of its own increasing needs, but also to develop an export market.

Organic enterprise, Mr Ryder continued, must be encouraged along with other farming enterprises (see p 437, 1988). The Agricultural Development and Advisory Service (see pp 106-7, 1987) would offer specialist advice, and the Government was prepared to consider how its research and development programme could assist organic farmers, who were eligible, like other farmers, for grants.

Sources: *Hansard*, Vol 136, No 181, col 1179 and Vol 152, No 98, written answers, col 124; Ministry of Agriculture, Fisheries and Food, press notice, 2.5.89.

WEALTH FROM THE OCEANS

The Department of Trade and Industry has launched the four-year Wealth from the Oceans advanced technology programme, with a budget of £9 million. It is designed to assist British companies, research organisations and academic institutions to collaborate on basic research to develop the enabling technologies for surveying, exploring, developing and managing the ocean and its resources. It will also identify potential markets for ocean technology, particularly overseas; encourage British companies to diversify into ocean technology markets; and ensure that British organisations take advantage of European technology programmes, including the EUREKA initiative (see p 246, 1988).

Research commissioned by the Department has identified a number of resources that will dominate future marine technology. It also concentrates on the new technologies that will be needed in the fields of surveying, exploring and mapping the sea bed, for example, in the fields of sonar data management, sampling devices for soft and hard sediments, sensor platform systems, and optical imaging techniques.

Among the exploitable resources are economically important minerals occurring in deposits on and beneath the ocean floor, such as manganese

and cobalt. Mariculture (the intensive farming of fish, shellfish and seaweeds), a rapidly advancing industry in Britain (its world market value is expected to increase to some £2,000 million a year by the early 1990s), could, says the Department, expand into large cages anchored in open seas, which would require floating structure and support technologies. Renewable energy produced from thermal and saline gradients within the oceans offers scope for developments in engineering. The sea also provides space for the construction of artificial islands near the shore for civil engineering, housing and leisure.

Commenting on the programme, the Secretary of State for Trade and Industry, Lord Young, stressed Britain's expertise in the new ocean technologies, which had to be built on, while ensuring that any impact on the ocean environment must be carefully controlled and monitored. 'The oceans represent a vast, largely untapped pool of resources', he said, 'upon which the economy of the world is destined increasingly to depend'.

Source: *Wealth from the Oceans*. Available free from the Department of Trade and Industry, Engineering Markets Division, Room 268, Ashdown House, 123 Victoria Street, London SW1E 6RB.

AVIATION SECURITY

Further measures to tighten security at British airports, including more security inspectors and higher funding for research into anti-terrorist devices, were announced by the Secretary of State for Transport, Mr Paul Channon, in the House of Commons on 24 April. A number of other measures are already being implemented following the Lockerbie air disaster in December 1988 and the subsequent special ministerial meeting of the International Civil Aviation Organisation (ICAO) in February 1989 (see p 105). On 6 April the Secretary of State announced a series of measures for the major airports designed to provide better security for entrance to restricted areas which will involve automatic checking of passes to these areas, arrangements for searching staff and vehicles, and security checks of aircraft before flights.

Mr Channon said that he was now setting objectives for a further tightening of security involving:

1 closer examination of items (such as radios and computers) taken on board aircraft which might conceal explosive devices;

2 screening of baggage placed in aircraft holds on flights of higher risk;

3 tighter security requirements for cargo, mail and courier consignments;

4 tighter requirements for the physical separation of inbound and outbound passengers; and

5 changes to aircraft interiors to make it harder to conceal weapons or explosives, and to make the interiors easier to search.

The Secretary of State said that he was strengthening the monitoring of aviation security by more than doubling the Department's Aviation Security Division, which would be reconstituted as the Aviation Security Inspectorate. Each of the larger airports would be visited frequently and would be inspected formally at least once a year, while other airports would be formally inspected at regular intervals. He would also seek new legislative powers to secure more effective implementation of security measures.

Research and development into aviation security equipment would be increased and the budget of about £500,000 a year would be doubled for 1989-90, Mr Channon continued. Projects would include the examination of commercially available equipment for the detection of explosives. The Government was interested in the thermal neutron analysis machines being developed in the United States and Britain for detecting explosives in baggage, and was giving urgent consideration to a proposal from the United States Federal Aviation Administration to install one of the first production machines at Gatwick or Heathrow later in 1989. In Britain work was being carried out on a similar project under a contract between the United Kingdom Atomic Energy Authority's Harwell Laboratory and a private company.

Mr Channon also referred to the initiation by Britain with the United States of a programme by the ICAO to improve security standards worldwide. His aim was to introduce 'sound and practical measures that give a high level of security but interfere as little as possible with the operation of . . . airports and airlines and so with the travelling public'.

Sources: *Hansard*, Vol 151, No 92, written answers, cols 448-50; Department of Transport press notices, 6.4.89 and 24.4.89.

DEFENCE RESEARCH AND DEVELOPMENT

The Advisory Council on Science and Technology (ACOST) has published the report of a Working Group on ways of obtaining greater civil benefits from defence research and development (R & D). The Government's response to the report is published in the same document. The Working Group was set up in 1987 by ACOST's forerunner, the Advisory Council on Applied Research and Development. It did not consider nuclear or chemical defence capabilities.

The report recommends first that the Ministry of Defence (MoD) should utilise its research and contractual procedures and develop its informed customer role in ways that take greater account of Britain's future technological capability. This would involve identifying disciplines which the MoD could develop in concert with the civil sector and collaborating more with industry. Research should be conducted extra-murally wherever possible, and the fixed assets of the Research Establishments, such as wind tunnels, should be operated as a professionally managed self-financing service. Defence equipment could incorporate more technologies

and components from the civil sector.

A second recommendation is that the MoD should change the form in which it publishes its R & D data in order to facilitate comparison with private sector information.

Thirdly, the MoD should operate its procurement policies in a manner which enhances the international competitiveness of its suppliers by encouraging private-sector industry to take more of the financial and technical risks of developing defence equipment and through a more open defence market.

Lastly the report recommends the creation of a project management organisation which is capable of providing, and is accountable for, the technological oversight of the whole process of translating the Services' operational requirements into systems and weapons, including the necessary research.

The Government's response to the report expresses agreement with the objectives of making technology available to defence in the most effective way, and of securing the optimum cross-fertilisation between the defence and civil sectors; but argues that the defence budget does not have an industrial sponsorship role or a responsibility for technologies unrelated to defence needs.

It is already MoD policy to carry out research extra-murally wherever it is practical and economic to do so. Universities, research institutes and small firms are widely used. Changes have been announced for improved customer/contractor relationships and a strengthening of the internal management of the Research Establishments. Four of the non-nuclear Establishments are to be merged into a single organisation, with the intention that they should become an executive agency (see pp 94 and 261-2, 1988). The MoD is reviewing the presentation of its data on R & D and the views expressed in the report will be taken into account.

The MoD recognises that, whether or not there is an international free market in defence equipment, it will have to continue to spend considerable sums of money on R & D: there are many areas where the risks are too high in relation to the likely return for firms to be able to embark on large-scale projects themselves. There are many more areas, however, where it will be appropriate for the MoD and industry to share the funding; and the Government endorses the importance attached in the report to project management and the responsibility of the project manager for a project's success.

Source: *Defence R & D: A National Resource*. Cabinet Office, Advisory Council on Science and Technology. HMSO, £6·30. ISBN 0 11 630835 4.

NEW LINK PROGRAMMES

The Government has launched two more programmes under the LINK scheme (see pp 246-7, 1988), bringing the total number so far up to 12.

On 26 April the Secretary of State for Trade and Industry, Lord Young, announced a five-year programme in optoelectronics as part of increased funding for information technology. The Department of Trade and Industry (DTI) will contribute £10 million and the Science and Engineering Research Council (SERC) £5 million. The programme will cover both optical and electronic processes in the development of advanced information technology systems, and will concentrate on optical communications systems and optical information processing. The previous programme of support, the Joint Optoelectronics Research Scheme (see p 239, 1981), will be complete later in 1989, and the LINK programme follows a report of the Advisory Council on Science and Technology (see p 251, 1988) which strongly recommended that there should be continued support for optoelectronics research. Commenting on the programme, Lord Young said that optoelectronics could enhance the performance of a wide range of products across industry including telecommunications, cable television, computing and industrial automation.

At the same time Lord Young announced a further £7 million of joint DTI/SERC funding for the Information Engineering Advanced Technology Programme, a national industrial collaborative research programme launched in July 1988 covering selected topics in the fields of advanced semiconductor devices, systems architecture and systems engineering. The programme will include about 80 industrially led collaborative projects and a further 25 academic projects with industrial potential. Total support this year will be £24 million from the DTI and £19 million from the SERC.

A four-year Ventilation, Air Conditioning and Refrigeration LINK Programme was announced on 17 April. The government contribution of £1·5 million, half the total cost, will be funded equally by the DTI and the SERC. The programme will focus on the control of plant-generated noise in buildings, improvement in living and working environments, the design of expert (computer) systems for fault finding and building management, improved performance of refrigeration systems, the development of refrigerants which do not damage the environment and the design of ventilation fans and compressors.

Sources: Department of Trade and Industry press notices, 26.4.89 and 17.4.89.

DEPARTMENT OF TRADE AND INDUSTRY LABORATORIES

The National Weights and Measures Laboratory at Teddington, Middlesex, and the Warren Spring Laboratory at Stevenage, Hertfordshire, are to be respectively the second and third executive agencies set up by the Department of Trade and Industry (DTI) (see pp 94 and 261-2, 1988). The new agencies will remain part of the DTI and their staff civil servants, and in each case the existing Director will become Chief Executive. The change of status will give the laboratories increased financial and management freedoms to enable them to operate more effectively and efficiently. The announce-

ments were made in the House of Commons on 18 April by Mr Eric Forth, Parliamentary Under-Secretary of State for Industry and Consumer Affairs, and in the House of Lords on 20 April by Lord Young, Secretary of State for Trade and Industry.

The National Weights and Measures Laboratory, with 50 employees, is responsible for ensuring that the measurement aspects of retail and wholesale trade are accurate and fair through its work to approve designs of equipment such as scales, petrol pumps and weighbridges.

The Warren Spring Laboratory has 310 staff and is the Government's principal environmental laboratory. It provides policy advice and data on air and marine pollution, waste treatment and recycling. Lord Young said that after the change customer/contractor relationships would be analogous to those in the private sector, and that this would ensure that there would be open competition for research and better value for money. The main link between the Laboratory and the DTI would be through a steering board chaired by the DTI's Chief Engineer and Scientist and with members drawn from the private sector.

Sources: *Hansard*, Vol 151, No 88, written answers, col 93; *Hansard (HL)*, Vol 506, No 71, written answers, cols 978-80.

Child Welfare

The Children Bill, which proposes the reform of existing law in England and Wales on child care and family services and the emergency protection of children, has received a second reading in the House of Commons. Its aim is to integrate the private and public law relating to children into a single rationalised system. In addition, new government initiatives on child care provision and the first grant allocations to local authorities for staff training in practice and management in child care under a new £7 million training support programme have been announced.

The Bill, which has already completed its passage through the Lords, was given an unopposed second reading in the House of Commons on 27 April (*Hansard*, Vol 151, No 94, cols 1107-1184).

THE CHILDREN BILL

The Bill's provisions on public child care law are based on proposals set out in the White Paper *The Law on Child Care and Family Services* (see pp 47-50, 1987), the guiding principles of which are as follows:

1 the prime responsibility for the upbringing of children rests with parents; the State should be ready to help parents to discharge that responsibility, especially where doing so lessens the risk of family breakdown;

2 services to families in need of help should be arranged in a voluntary partnership with parents. Where such services include looking after the child away from home, close contact should be maintained so that children can continue their relationships with families and where appropriate be reunited with them as soon as possible;

3 the transfer to the local authority of parents' legal powers and responsibilities for caring for a child should only be done by a full court hearing following due legal processes. Such a transfer must rest on establishing that there is harm or risk of harm to a child who is not receiving adequate parental care or is beyond parental control and that a court order is the best method of safeguarding his or her interests;

4 court processes affecting the child must recognise that, though the interests of the child are the primary concern, the parents' legal status in relation to the child is at issue. Parents should be properly represented and should be full parties to such court proceedings in addition to the child;

5 the application of emergency powers to remove a child at serious immediate risk, which necessarily cannot be preceded by a full court hearing, should be of short duration and subject to court review if the parent or child wishes to challenge it;

6 where local authorities are caring for a child away from home their legal responsibilities for the child should be clear, as should be the powers and responsibilities of parents in these circumstances.

The Bill has been reviewed and revised in the light of Lord Justice Butler-Sloss's *Report of the Inquiry into Child Abuse in Cleveland 1987* (see pp 291-2, 1988) and contains proposals which derive from the consultation paper *Improvements in the Arrangements for Care Proceedings* (see pp 323-4, 1988) issued in response to the Cleveland Report. Other proposals give effect to the reforms of guardianship and custody recommended by the Law Commission[1] in 1988.

If implemented the legislation would assist local authorities to provide better help to children in need, including those with disabilities. It would improve the powers available to the courts for the protection of children from abuse or neglect and would provide a better balance between parents' and children's rights. The Bill would enable the more difficult cases to be heard in the higher courts instead of the magistrates' court. A single regime of rules would reform the current fragmented, overlapping and obscure provisions relating to children under the private law. Together with the public law reforms this would give a unified and consistent code in respect of the care and upbringing of children.

The proposed legislation would replace seven existing Acts of Parliament. These are: the Guardianship Act 1973, the Guardianship of Minors Act 1971, the Children Act 1975 (see pp 286-7, 1975), the Child Care Act 1980, the Foster Children Act 1980, the Children's Homes Act 1982 and the Children and Young Persons (Amendment) Act 1986.

Main Provisions

Part I of the Bill contains an improved statement of the existing welfare principle governing court decisions relating to children. It would reform the

[1]In England and Wales a permanent body which reports to the Lord Chancellor on the development, reform, simplification and modernisation of the law.

law governing parental responsibility, guardianship and the court's power to make orders relating to children in family proceedings. An important change affecting unmarried fathers is included. While the existing law enables the courts to confer full parental status on unmarried fathers, a provision in the Bill would allow such fathers to acquire equal parental responsibility by making a formal agreement with the mother without going to court.

Orders about Children in Family and Other Proceedings

Part II introduces four new orders relating to children: the residence order, the contact order, the specific issues order and the prohibited steps order. These would replace the present statutory orders for custody, legal custody, care and control and access and are designed to encourage parents to continue to participate fully in the child's upbringing, subject only to any particular matter provided for by a court order. This part of the Bill adopts a general assumption that delay in deciding children's cases prejudices a child's welfare, and it makes provision for the courts to draw up timetables and give directions to ensure that they are kept to. It replaces the existing family proceedings supervision order by a new family assistance order, which would allow a court welfare officer to advise, assist and befriend any member or members of the family taking account of the interest of the child.

Local Authority Support for Children and Families

Part III sets out the principal responsibilities of local authorities to children in their area who are in need and their families, and to children whom they look after. It brings together in one statute the main local authority responsibilities to families with children, including those at present set out separately for disabled children. Local authorities would have a new duty to promote the upbringing of children in need by their families if this was consistent with their welfare duty to the children themselves.

They would also be given enhanced responsibilities for preparing children they were looking after for when they left care, and for helping them and other children accommodated away from home at the age of 16 after they had moved from that accommodation.

Care and Supervision

Part IV introduces fairer court procedures for parents and children, improved rights of access to children in care and clarification of local authorities' responsibilities to children looked after by them. It sets out new grounds on which the court would have to be satisfied before making care and supervision orders in any proceedings. These would include the likelihood of the child suffering significant harm and would apply in family proceedings as well as in care proceedings. Where anticipated harm was the issue, the new grounds would make it unnecessary for local authorities to continue to resort to wardship as a means of gaining compulsory powers over a child.

The Bill proposes that any person, including the child, whose legal position could be affected by the proceedings would be entitled to party status. This would include those grandparents who wish to retain or take over care of a child. Parents would now be able to obtain full party status without the need for the court to rule that the child and his or her parents should be separately represented.

Provision is made for guardians to be appointed to safeguard the child's interests in all care proceedings, including those arising from family proceedings, except where the court considers this unnecessary to protect the interests of the child. (At present such appointments are made only where there is a conflict of interest between the child and the parents.)

Emergency Protection of Children

Part V makes major reforms in emergency protection. It introduces a new shorter emergency protection order limited to a maximum of eight days and extendable only once by up to seven more days. There would be a new opportunity for parents to apply for the order to be discharged after 72 hours if they were not present at the initial hearing. This would replace the present place of safety order which can run for up to 28 days without the parents or the child having any opportunity to challenge it while it is in force. The holder of the emergency protection order, who would usually be a local authority social worker or an officer of the National Society for the Prevention of Cruelty to Children (NSPCC – the principal voluntary organisation working in the field of child abuse), would be under a duty to take whatever action he or she considered necessary: this would include leaving children where they were or returning them as soon as it was safe to do so. As at present the order, when resisted, would be enforceable by a police constable acting under a warrant, and the holder of the order would be enabled to locate other children on the premises thought to be at risk.

Community Homes, Voluntary Homes and Voluntary Organisations

Parts VI to IX replace with amendments existing legislation on local authority community homes, the regulation of voluntary homes, private children's homes, private arrangements for fostering children and private day care facilities for children under five.

Miscellaneous Provisions

The Bill would abolish the court power to make care orders in juvenile criminal proceedings, and replace it with a power for the court to make supervision orders and to attach a requirement for the young person to live away from home for up to six months. Other provisions would introduce arrangements for child care cases to be heard at the level of court appropriate to the complexity of the case.

Minister's Statement

Opening the debate, the Minister of State at the Department of Health, Mr David Mellor, described the Bill as 'the most comprehensive and far-reaching reform of child law to have come before Parliament in living memory.' It attempted 'to establish a unified and consistent code of law covering the care and upbringing of children in both the private and public domains'. At present children's legislation was confusing, piecemeal, outdated, often unfair and, in important respects, ineffective – most

notably as regards protecting children at risk. The Government believed the Bill would bring order, integration, relevance and a better balance to the law, not just between the rights and responsibilities of individuals and agencies, but between the need to protect children and the need to enable parents to challenge intervention in the upbringing of their children.

The Bill established the principle that the child's welfare must be the paramount consideration governing court decisions about the care and upbringing of children and it introduced a major reform of the law governing parental responsibility, guardianship and the court's powers to make orders in respect of children in family proceedings. It was hoped that the Bill's emphasis on the primary function of parenthood would sharpen perceptions and highlight the obligation on parents to care for their children and bring them up properly.

Mr Mellor told the House that an amendment would be tabled at a later stage to give effect to the proposal in the White Paper that organisations temporarily looking after children who had run away could be exempted from liability for the offence of harbouring.

The Bill was a charter of rights for children to have their welfare regarded as a primary concern. It must be a basic right of children in a civilised community to grow up without being abused. The welfare of children had to remain the highest law for the public as well as for the Government.

Opposition Views

Speaking for the official Opposition, Mr Tom Clarke welcomed the Bill but criticised the Government's reluctance to introduce legislation on the family court, which he considered was urgently needed. His party remained concerned about the Government's unwillingness adequately to fund effective preventive services and clearly instruct local government to provide them.

It was also concerned about lack of better regulation on the licensing and training of day care providers in the private sector, as well as the fundamental areas of regulation that would be left to secondary legislation and would not benefit from parliamentary scrutiny. His party would bring a constructive and positive view to the Bill which he considered had struck the right balance between parental responsibilities and children's rights.

For the Social and Liberal Democrats, Mr Ronnie Fearn welcomed the clarification and simplification of the current legislation but expressed disappointment at the failure to introduce family courts and urged the Government to reconsider its position. He was also concerned about the lack of attention to the need for more staff and resources, and about the amount of secondary legislation allowed by the Bill; some of the matters which would be left to the regulatory powers of the Secretary of State or to the rules of the court raised too many important issues to be allowed to slip by.

OTHER DEVELOPMENTS

New Initiatives on Child Care Provision

On 11 April the Government announced a five point plan to improve the provision of child care in order to help women who choose to work. This is as follows:

1 amendments are to be added to the Children Bill (see above) which would improve the registration and enforcement arrangements for day nurseries, childminders and playgroups;

2 encouragement is to be given to the providers of child care and employers to consider the need for a voluntary accreditation scheme which would provide information about the availability of child care facilities and guarantee the quality of the provision;

3 guidelines are to be issued to local education authorities and school governors encouraging the use of school premises for after school and holiday playschemes;

4 further support is to be given to the voluntary sector through pump-priming of projects and the encouragement of partnerships between employers and the voluntary sector;

5 further encouragement is to be given to employers to use the tax reliefs[1] available to provide child care facilities.

Commenting on the plan, Mr John Patten, Minister of State at the Home Office, said that 'the interests of the whole family will remain at the heart of the Government's strategy. Whilst encouraging the growth of child care facilities, we must ensure that the care is of the highest standard and that it gives parents, in both two-parent and one-parent families, the greatest choice to enable them to balance their family responsibilities with employment opportunities. Employers also have a significant part to play – using the tax reliefs available to them to provide child care facilities and to attract skilled mothers who have chosen to return to work in a time of demographic change.'

Child Care Training Grants

Government Training Support Grants

The first allocations of a £7 million grant made available in 1989-90 to local authorities for staff training in practice and management of child care under a new government training support programme were announced on 4 May. The total cost of the programme, which is for staff of social services departments working directly with children and their families, will be £10 million, of which local authorities are expected to contribute £3 million from their own resources.

The programme has two distinct training elements. The first covers training of staff for practice and management in child care and the second covers training in child protection work including child sexual abuse.

NSPCC Training Programme

The National Society for the Prevention of Cruelty to Children is to receive a grant of £800,000 over the next three years for its child protection training programme. The grant, which is in addition to an annual government grant of £125,000, will go towards the society's new training centre at Leices-

[1]Companies are entitled to receive tax relief against corporation tax for providing child care facilities such as on-site day nurseries and help towards the cost of childminders.

ter, which will provide specialised training in child protection and the prevention of child abuse for staff from voluntary agencies and local authorities.

For further information on the provision of child care services see COI reference paper *The Care and Protection of Children in Britain,* No 298/87.

Higher Education

The Government has published proposals for readjusting the way full-time publicly-funded undergraduate higher education is financed, giving a new emphasis to market forces. Its aim is to provide higher education institutions with a stronger incentive to compete for students, to widen access, offer new courses and improve the effectiveness of their teaching. A government-funded study which recommends that admission to higher education should be based on a student's ability to complete a given course rather than on the possession of traditional academic qualifications has also been published.

Funding

The Government plans to alter the balance of public funding of full-time undergraduate higher education between the block grant to higher education establishments and student tuition fees; its proposals are set out in a consultation paper[1] published on 25 April. For the present academic year 1989-90 the full-time publicly-funded undergraduate tuition fee is £607 irrespective of the area of study; under the Government's proposals this would rise to £1,600 for 1990-91 and would be accompanied by a corresponding reduction in the amount of money made available by the Government to the Universities Funding Council, the Polytechnics and Colleges Funding Council (both set up under the Education Reform Act 1988 – see pp 426-8, 1987) and other funding bodies for allocation to individual establishments of higher education. There are no plans to raise the postgraduate tuition fee.

The higher fee would continue to be met under the mandatory awards arrangements (whereby local education authorities in England, Wales and Northern Ireland have a legal duty to finance eligible students on designated courses) and by central government in Scotland, with an associated shift of public funds from central grant to tuition fees approaching £500 million in 1990-91. By making institutions' income dependent in larger measure on their ability to satisfy student demand, this approach would, the Government believes, both promote effectiveness in marketing and teaching and enhance the scope of institutional independence. Also, to the extent that the higher fee income would cover the extra costs, it would encourage establishments to exploit spare capacity by taking in additional students, thereby contributing to the objective of widening access by making higher education available to all those able to benefit from it, and in the process reducing unit costs.

The Government proposes to introduce in 1991-92 differentiated fees reflecting in some measure the substantial variation in the costs of teaching between subjects; such a fee structure would apply market disciplines more widely within institutions. An illustrative proposal involving four different fee levels is outlined in the paper. Band A consists of Humanities, Business Studies, Languages, Nursing and Social Sciences, for which the proposed tuition fee is £1,600; Band B Art and Design, Education and Mathematics and other courses (£2,000); Band C Engineering, Performing Arts and Science (£2,400); and Band D Dentistry, Medicine and Veterinary Science (£3,200).

The consultation paper examines the implications of the higher tuition fees for non-award-bearing students. The Government does not want to see increased fees for part-time students, who are not eligible for mandatory awards, or for an estimated 15,000 to 20,000 home self-financing students on full-time courses not designated for mandatory awards or not qualifying for an award for a designated course. These groups should not be discouraged from entering higher education and the Government would maintain existing levels of financing in support of them and would look to the funding organisations to distribute their grant in such a way that institutions would not have to adjust fee levels for these categories of student.

Under the Government's proposed scheme, the large majority of students from other European Community countries studying full time in Britain would continue to have their tuition fees paid and thus be unaffected by the higher fees. No increase in tuition fees for the privately-financed University of Buckingham and certain other specialist colleges would be necessary. Appropriate adjustments would be made in the local authority expenditure settlements for the impact of the change on discretionary award holders in England and Wales and for students attending courses covered by these proposals in further education colleges in Scotland.

Commenting on the proposals, the Secretary of State for Education and Science, Mr Kenneth Baker, said: 'Increasing [students'] purchasing power will put institutions on their mettle. A greater proportion of their income will depend on the attractiveness of what they have to offer and their ability to market it . . . The Polytechnics and Colleges Funding Council and the Universities Funding Council will continue to have a strategic funding role but it is time to allow a much greater proportion of the funding to follow the student . . . The [higher education] institutions should see this as a challenge and welcome the reduced dependence on central funding that it brings. Students will benefit from the increased opportunities which will be available to them.'

Admissions

A report on a research project financed by the Training Agency and conducted between April and

[1] *Shifting the Balance of Public Funding of Higher Education to Fees. A Consultation Paper.* Department of Education and Science. Available free from Room 5/2, DES, Elizabeth House, York Road, London SE1 7PH.

December 1988[1] says that admissions policies in universities and other higher education institutions are in need of overhaul, particularly in view of the projected drop in the number of 18-year-olds by the mid-1990s and skills shortages (see p 31 and pp 112-3). According to the report, which was published on 24 April, most higher education establishments still rely on recruiting traditional applicants holding General Certificate of Education Advanced levels, even in subject areas that are not in great demand. Some institutions are widening access and modifying courses and modes of study to fit a changing pool of potential applicants, but most still recruit and teach students in traditional ways and their managements do not recognise admissions as an important policy issue. The main recommendation of the report is that the basic criterion for admission to universities and polytechnics should be a student's ability to complete a chosen course rather than the possession of academic qualifications. It also says that national funding arrangements should encourage institutions to offer more flexible provision, and performance indicators should be used to reward recruitment and successful graduation of non-traditional students.

European Convention on Transfrontier Television

Britain has signed the Council of Europe Convention on Transfrontier Television, which it believes will contribute to the maintainance of programme standards throughout Europe while removing barriers inhibiting the free flow of broadcasting services.

The Convention was opened for signature in Strasbourg on 5 May and resulted from a desire throughout western Europe to lay down minimum standards for transfrontier broadcasting (see p 39, 1987). The British Government believes that the provisions of the Convention are consistent with its own approach to domestic broadcasting (see pp 388-91, 1988); the agreed harmonisation of standards would provide necessary safeguards for viewers and at the same time promote the export of programme services throughout Europe as complying services are guaranteed freedom of reception and unrestricted transmission on cable systems. It looks forward to seeing wider choice for viewers and the development of a strong western European audiovisual industry with British broadcasters and programme makers benefiting from the new markets.

Provisions of the Convention

The object of the Convention is to facilitate the transmission and retransmission across international borders of television programme services among the signatory states. Its provisions apply to all programme services transmitted or retransmitted within a signatory state – whether by cable, terrestrial transmission or satellite – to any other signatory state. The broadcasting authorities in signatory countries are obliged to ensure that programme services transmitted by broadcasters under their jurisdiction adhere to the rules of the Convention; there is a binding arbitration process to be used in the event of a dispute over an offending service.

The Convention is open for signature by the member states of the Council of Europe, the other states which are party to the European Cultural Convention and European Community nations; in addition, the Committee of Ministers of the Council of Europe is empowered to invite other countries to accede to the Convention.

Programming

The Convention lays down for the first time a basic set of minimum programming requirements for western Europe: it provides that programmes must not be indecent, contain pornography, give undue prominence to violence or be likely to incite racial hatred. Nor should programmes unsuitable for children be broadcast at a time when they can be expected to be watching. Broadcasters are obliged to ensure that news broadcasts present facts and events fairly and encourage the free formation of opinions.

Signatory countries must see that over a period of time broadcasters reserve the largest proportion of their transmission time, excluding time appointed to news, sport, games, advertising and teletext services, for European works. No cinematographic work is to be transmitted, unless there is a prior agreement between the rights-holders and the broadcaster, until two years have elapsed since the work was first shown in the cinema; in the case of a co-production involving the broadcaster, the period should be one year.

Advertising

Under the Convention, advertisements have to be fair and honest, and advertisers are not allowed to exercise any editorial influence over the content of programmes. The amount of advertising time must not exceed 15 per cent of daily transmission time, or 20 per cent where direct offers to the public are concerned; within a given one-hour period advertising time is limited to 20 per cent. Advertisements must be clearly distinguishable as such and recognisably separate from other items of a programme service. They may be inserted between programmes and in certain instances during programmes in such a way that the integrity and value of the programme is not prejudiced. Advertisements are not to be inserted in any broadcast of a religious service, nor in any news and current affairs programmes, documentaries, religious programmes, or children's programmes of less than 30 minutes duration.

Advertising of tobacco products is prohibited. Advertisements for alcholic drinks have to comply with strict rules: they should not be addressed particularly to minors, nor should minors feature in them, and excessive consumption of alcohol is not to be encouraged.

[1] *Admissions to Higher Education: Policy and Practice.* A report to the Training Agency by Oliver Fulton and Susan Ellwood. Available free from Higher Education Branch, Training Agency, Moorfoot, Sheffield S1 4PQ.

Sponsorship

Sponsored programmes must be clearly identified as such by appropriate credits at the beginning and/or end of the programme. Sponsors may not influence the content and scheduling of sponsored programmes in such a way as to affect the responsibility and editorial independence of the broadcaster. Sponsored programmes should not directly encourage the purchase or rental of the sponsor's products or services or those of a third party. People involved in the manufacture or sale of tobacco and alcohol are not permitted to sponsor programmes, and sponsorship of news and current affairs programmes is prohibited.

Shorter Notes

ELECTRONIC MONITORING OF OFFENDERS ON BAIL

The first electronic monitoring experiment involving people released on bail will begin in Nottingham in August, followed by others in North Tyneside in September and the Tower Bridge area of London in October. The experiments follow consideration of the idea in the Government's Green Paper, 'Punishment, Custody and the Community', published in July 1988 (see pp 259-61, 1988).

The magistrates' court in each area will identify suitable people aged 17 and over to take part in the schemes. Participants will be people who give their consent to being monitored and who would otherwise have been remanded in custody; they will be granted bail provided that they comply with certain requirements. In selecting people for the scheme the court will take into account the safety of the public and whether the defendant's presence at home causes hardship to his or her family or other residents.

Participants will wear a small anklet fitted with a low-powered radio transmitter which signals every few minutes to a receiver/dialler unit attached to the person's telephone; if the radio signal is not received at the appropriate time, a message is relayed via normal telephone lines to a central computer in a monitoring station. If the person is not at home during the prescribed periods as ordered by the court, the police will be informed as with a normal bail violation.

In each scheme the contractor – Marconi in Nottingham and North Tyneside and Chubb in London – will maintain a continuously staffed control room and provide a fitting and field maintenance service. They will also provide the Home Office with regular reports on scheme operations which will last for a period of six months.

Announcing details of the schemes on 8 May, Mr John Patten, Minister of State at the Home Office, said: 'If it proves successful, electronic monitoring could provide a more humane technological cure for the ills of overcrowded remand prisons. The criminal justice system must take advantage of modern technology where its use proves sensible and practical.'

Sources: Home Office press notice, 8.5.89.

WORLD HERITAGE SITES

A further three British sites have been added to the World Heritage list, Mrs Virginia Bottomley, Parliamentary Under-Secretary of State for the Environment, announced in the House of Commons on 5 April.

They are the Tower of London; the Cathedral, St Augustine's Abbey and St Martin's Church at Canterbury; and the uninhabited Henderson Island, in the Pitcairn group of islands in the South Pacific Ocean, one of only two elevated coral atolls in the world and rich in rare animal and plant species.

The World Heritage Convention was formulated by the United Nations Educational, Scientific and Cultural Organisation (UNESCO) in 1972 and ratified by Britain in 1984. It is concerned to identify and recognise those parts of the heritage which are of outstanding universal value because of their exceptional characteristics and qualities. An inter-governmental committee considers annually member states' recommendations of sites to be added to the World Heritage list. Recommendations for sites to be nominated from the natural and built environment are made to the Government by the Secretaries of State for the Environment, Scotland, Wales and Northern Ireland, on the advice of English Heritage (or its equivalent body), the Nature Conservancy Council, the Countryside Commissions for England, Wales and Scotland, and other interested bodies.

The 11 British sites already on the list are: Durham Cathedral and Castle; Fountains Abbey and St Mary's, Studley Royal, in North Yorkshire; Hadrian's Wall; Ironbridge Gorge in Shropshire; Stonehenge and Avebury in Wiltshire; Blenheim Palace in Oxfordshire; the City of Bath; the Palace of Westminster and Westminster Abbey in London; the castle and town walls of King Edward I in Gwynedd in Wales; the islands of St Kilda in Scotland, and the Giant's Causeway and Causeway coast in Northern Ireland.

Sources: *Hansard*, Vol 150, No 80, written answers, col 206; Department of the Environment press notice, 5.4.89.

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Toxic Waste. The Government's Reply to the Second Report from the Environment Committee. The response notes that the House of Commons Committee in its report (for publication details see p 164) is in almost complete agreement with the Government's proposals to improve the present system of waste management (see pp 247 and 447, 1988). The Government does not, however, propose to follow the Committee's recommendation to create new regional waste regulation authorities or an Environmental Protection Agency, but intends to build on the strengths of the present system by separating waste regulation from local authorities' own operations and providing clearer and more accountable procedures for new local waste regulation authorities to operate by. Cm 679. HMSO, £5·10. ISBN 0 10 106792 5.

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International Migration 1987 (series MN No 14). Office of Population Censuses and Surveys. In 1987 the estimated number of people coming to reside in Britain from overseas was 212,000, 15 per cent fewer than in 1986 and also lower than in 1985, but still above the levels of all other years since 1972. The number of people leaving Britain decreased by 3,000 compared with 1986 to an estimated 210,000, the average for the last ten years. The net gain of 2,000 contrasts with the large gains of the previous four years and generally large losses of earlier years. HMSO, £5·60. ISBN 0 11 691251 0.

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OPCS Surveys of Disability in Great Britain: Report 3: The Prevalence of Disability Among Children, by Margaret Bone and Howard Meltzer (see p 354, 1988). HMSO, £10·66, ISBN 0 11 691250 2.

Second Report of the Committee for Monitoring Agreements on Tobacco Advertising and Sponsorship. Shows that, in general, the system of voluntary agreements which govern tobacco advertising, health warnings and sports sponsorship, are continuing to work well and that the tobacco companies are honouring their commitments; a view supported by the fact that the level of complaints to the Committee has dropped substantially since its first report was published in 1988 (see p 150, 1988). The report expresses the hope that the Government will soon start renegotiating the voluntary agreements. HMSO, £3·20, ISBN 0 11 321225 9.

Admissions to Higher Education: Policy and Practice. A report to the Training Agency by Oliver Fulton and Susan Ellwood (see pp 210-11). Available free from Higher Education Branch, Training Agency, Moorfoot, Sheffield S1 4PQ.

Shifting the Balance of Public Funding of Higher Education to Fees. A Consultation Paper. Department of Education and Science (see p 210). Available free from Room 5/2, DES, Elizabeth House, York Road, London SE1 7PH.

Recognised Degree Courses in the United Kingdom. Department of Education and Science. Available at all overseas offices of the British Council.

Design in Partnership: Education and Industry Working Together. Available free from Department of Education and Science, Publications Despatch Centre, Honeypot Lane, Canons Park, Stanmore, Middlesex HA7 1AZ.

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